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Trade between China and the South Seas, Past and Present.
Metallic Ores in Kiangsi.

ANNEX

Supplementary Methods for the Investigation and Collection of the Income Tax on Profit-seeking Enterprises in the 37th Year of the Chinese Republic. (Sept. 26, 1948)
Regulations Governing the Readjustment of the Capital of Private Banks. (Sept. 5, 1948)
Explanations of the "Regulations Governing the Readjustment of the Capital of Private Banks". (Oct. 12, 1948)
Order of Procedure for the Readjustment of the Capital of Private Banks. (Sept. 21, 1948)
Regulations Governing the Utilization of that Part of the Readjusted Capital of Private Banks which is Deposited as Cash. (Oct. 8, 1948)
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THIRD YEAR

NO. XXI - October 20th 1948

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Where several articles on the same subject are written from widely divergent points of view the BULLETIN summarizes these points of view under the name "STUDY, No...."

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| The Bankers' Weekly | (Yin Heng Chou Pao; |
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MAIN TRENDS OF CHINA'S
FOREIGN TRADE AFTER THE WAR

Civil warfare together with the unreasonable foreign exchange rate and import control policies of the Government have been the principal factors responsible for the great decline in China's foreign trade since the war. The former has affected the volume of available farm products, which used to represent about 3/4 of the total value of our exports; whereas the latter has more directly hindered the normal exchange of goods.

I. - Changes in Foreign Trade
Caused by the Civil War.

Civil strife, converting many producing regions into battlefields and causing disruption in communications, has brought about far reaching effects on China's foreign trade.

Despite the fact that a few exports in 1947 could still maintain, or even surpass, their prewar level, a general depression was seen in the export trade. The quantity of egg products, leather and cereals exported in 1947 had decreased by several times as compared with prewar years. Tobacco, cotton and coal which used to be exported on a large scale before the war, became the country's main import items in 1947, though meagre amounts continued to be shipped abroad in that year (See Table I below).

Where production was not affected by the civil war, as up to 1947 in the recovered North-East, and in the Taiwan island ever since its emancipation from Japanese domination, exports which were negligible in Chinese trade in prewar time became major items in 1947. Thus the export of soya beans from China was 60,000 quintals in 1936 and 10 times as much in 1947, similarly sugar rose from 200 quintals to 86,000 quintals. Since the North-East has fallen into the Communists' hands, however, the export of soya beans has again diminished.

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Table I. Comparison between
Chinese Exports in 1936 & in 1947.

| Item | 1936 | 1947 |
|--|-------------------|------------------|
| Pigs | 319,000 | 477,000 |
| Bristles | 52,648 quintals | 44,352 quintals |
| Dried Egg Albumen & Yolk | 91,457 " | 534 " |
| Frozen Eggs | 404,028 " | 35,164 " |
| Fresh Eggs | 380,021,000 | 139,867,000 |
| Pig's Intestines | 29,970 quintals | 8,472 quintals |
| Dry and Wet, Salted & Unsalted Cow Hides | 103,866 " | 671 " |
| Untanned Goat Skins | 8,105,000 sheets | 1,463,000 sheets |
| Tanned and Untanned Lamb Skins | 1,994,020 " | 608,000 " |
| Groundnut Oil | 311,084 quintals | 22,788 quintals |
| Shelled Groundnuts | 446,416 " | 103,170 " |
| Black Tea | 96,030 " | 53,479 " |
| Green Tea | 155,931 " | 93,198 " |
| Sugar | 269 " | 85,660 " |
| Soya Beans | 61,591 " | 604,158 " |
| Wood Oil | 863,383 " | 805,373 " |
| Tobacco | 172,007 " | 5,239 " |
| Coal | 1,324,544 m. tons | 16,154 m. tons |
| Raw Cotton | 368,426 quintals | 4 quintals |
| Ramie | 197,427 " | 1,557 " |
| White Raw Silk (Steam Filature) | 27,908 " | 3,909 " |
| Cotton Yarn | 86,807 " | 34,842 " |
| Shirtings & Sheetings | 44,108 " | 57,416 " |
| Silk Piece Goods | 4,272 " | 910 " |
| Woolfram | 70,499 " | 61,086 " |
| Regulus Antimony | 131,675 " | 85,249 " |
| Tin Ingots | 112,604 " | 41,150 " |

The civil war has also greatly affected China's imports. As already stated China has now to depend more and more on foreign countries for many of her former main agricultural products. The comparative size of the import of gasoline, diesel oil and banknote paper has also increased. Whereas in 1947 the aggregate import value of raw cotton, tobacco, rice, wheat, wool, gasoline, diesel oil and banknote paper represented only a little more than 1/2 of the total value of Chinese imports, they made up over 1/3 in the months January-April 1948.

Table II. Percentages of Main Items
in the Total Imports for
1947 and Jan.-April 1948.

| Item | % of Total Imports | |
|-----------------------------|--------------------|-----------------|
| | 1947 | Jan.-April 1948 |
| Raw Cotton | 0.9 | 9.2 |
| Tobacco | 0.5 | 2.7 |
| Rice, Wheat and Wheat Flour | 0.7 | 6.0 |
| Wool | 1.1 | 2.1 |
| Gasoline | 0.54 | 5.9 |
| Diesel Oil | 0.46 | 6.9 |
| Drawing & Bank-note Paper | 0.02 | 1.9 |
| TOTAL: | 4.22 | 34.7 |

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There is another aspect of the trade problem which deserves our attention. The foreign trade of North China having been stifled by the battles raging there, the trade centre is moving towards the South. Thus the percentages in China's imports and exports representing the northern ports of Ch'inhuangtao and Tientsin are steadily shrinking, while those related to the southern ports have been increasing, in Shanghai, Kaohsiung and Kowloon for exports and in Amoy, Keelung and Swatow for imports (See Tables III & IV below). There was, however, an exceptional drop in the official export figures for Canton in 1948 as compared with the previous year, but this fact can be explained by the smuggling activities between Canton and Hongkong.

Table III. Percentages of China's Exports Representing Various Ports for the Periods Jan.-May 1947 and Jan.-May 1948.

| Port | Jan.-May 1947 | Jan.-May 1948 |
|---------------|---------------|---------------|
| Ch'inhuangtao | 5.88 | 0.20 |
| Tientsin | 10.44 | 7.60 |
| Tsingtao | 1.37 | 1.26 |
| Shanghai | 47.93 | 62.26 |
| Poochow | 0.22 | 0.20 |
| Amoy | 0.73 | 0.21 |
| Keelung | 2.17 | 0.97 |
| Kaohsiung | 1.68 | 6.27 |
| Swatow | 2.16 | 1.99 |
| Canton | 13.72 | 7.68 |
| Kowloon | 6.22 | 9.66 |

Table IV. Percentages of China's Imports Representing Various Ports for the Periods Jan.-May 1947 and Jan.-May 1948.

| Port | Jan.-May 1947 | Jan.-May 1948 |
|---------------|---------------|---------------|
| Ch'inhuangtao | 1.59 | 0.78 |
| Tientsin | 6.13 | 2.48 |
| Tsingtao | 1.39 | 1.30 |
| Shanghai | 79.38 | 79.18 |
| Poochow | 0.07 | 0.10 |
| Amoy | 0.38 | 1.86 |
| Keelung | 0.24 | 2.80 |
| Swatow | 0.95 | 1.12 |
| Canton | 4.60 | 3.52 |
| Kowloon | 4.05 | 3.57 |

II. - Foreign Trade Sacrificed to Finance.

It may be said that in the economic conditions of the past few years, the Government's foreign exchange and foreign trade policies have been motivated almost exclusively by considerations of national finance. The Central Bank fixed the foreign exchange rate at an extremely low level, with the purpose of artificially raising the external value of the Chinese dollar, while the activities of the Central Trust in monopolizing the exports, and the strict control exercised by the Import-Export Board have been aimed at securing foreign exchange for Government needs and at curtailing its expenditure whatever may be the consequences for the normal channels of trading activities.

There is no doubt that the unreasonably low exchange rate has had an adverse effect on China's export trade. The exports dropped from a monthly average of US\$19,200,000 in 1947 to one of US\$16,500,000 during January-May 1948. Though relative improvement was witnessed in March-May 1948, this was mainly due to seasonal movements as exports of agricultural products usually increase in spring and summer. Another reason for this slight improvement was that the Government undertook huge amounts of exports at conditions which, though uneconomical in the classic sense, could offset the hindrances imposed by the unfavourable exchange rate.

Conversely, exports improved whenever the exchange rate was readjusted to higher levels. The experience of June 1948 is a good instance of this matter: as a result of the introduction of the new "foreign exchange certificate system" which actually raised the exchange rate, the export value increased to nearly US\$20,000,000 in that month. But it dropped again in July to US\$18,000,000 owing to the new and growing gap between official and black market rates.

As has been mentioned before, the Chinese Government has continually cut down the import quota with the purpose of saving foreign exchange. From Feb. 1947 to July 1948, the average quarterly reduction was 20%.¹⁾

Table V. Import Quotas for the First Six Quarters (Jan. 1947 - July 1948).

| Quarter | Quota | Reduction |
|-------------------------------|---------------------------|-----------|
| 1st Quarter (Feb.-April 1947) | US\$99,700,000 | 0 |
| 2nd " (May-July 1947) | 72,600,000 | 27% |
| 3rd " (Aug.-Oct. 1947) | 67,900,000 | 6.5% |
| 4th " (Nov. 1947-Apr. 1948) | 53,400,000 | 21% |
| 5th 2) " (Feb.-Apr. 1948) | | |
| 6th " (May-July 1948) | each averaging 38,000,000 | 30% |

EDITOR'S NOTE: 1) The import quotas for the 7th and 8th quarters actually approved by the Executive Yuan on Sept. 15th 1948, totalled US\$42,141,000, showing a reduction of nearly 43% as compared with the aggregate appropriation for the previous 2 quarters.

NOTE: 2) It may be pointed out that gasoline, diesel oil and tobacco were listed under items of U.S. Aid in the import quota for the fifth quarter (Feb.-Apr. 1948). Since they constituted 44.7% of the fifth quarterly quota, the actual amount of permitted imports was only US\$20,300,000, or approximately US\$6,800,000 per month.

Before September 1947, imports were comparatively free from control and were undertaken in large quantities; their value averaged US\$45,000,000 monthly during the first eight months of 1947, and was US\$59,000,000 in July and US\$53,000,000 in August. The figures descended sharply, however, after the enforcement of the import quota system. They went down to US\$34,000,000 in September and US\$22,000,000 in December, the monthly average for the period September-December being US\$29,000,000. The situation was at its worst in February 1948 when only US\$14,000,000 worth of incoming shipments were reported. The meagre increase in the following months was due to the Government rather than to orders from private firms. This may be seen from the fact that the chief items which recorded a rise, were, on the one side, foodstuffs, cotton and fertilisers, all imported by the Government, and on the other, diesel oil and gasoline which had been put under the management of the Government-operated China Petroleum Corporation and of a few foreign firms.

It must be admitted that the Government's strict import control has brought some improvement in the trade balance. The trade deficit of China during 1947 amounted to US\$250,000,000, averaging US\$20,800,000 per month for the whole year and US\$19,000,000 during the period January-May 1947; while in the same period January-May in 1948 it was only US\$8,300,000.

It is interesting to note in this respect that although the trade returns of the Chinese Customs' showed trade deficits, the Import-Export Board reported a favourable balance. Imports inside and outside the scope of the quota approved by the Import-Export Board, aggregated US\$9,921,000 in May and US\$7,921,000 in June 1948 (see Table VI below), whereas according to incomplete figures issued by the same Board, the Government's intake of foreign exchange derived from exports approximated to US\$16,000,000 in May and US\$20,000,000 in June, thus netting a gain of US\$6,000,000 in the former month and of US\$12,000,000 in the latter.

Table VI. Foreign Exchange Granted for Imports during the Months Jan.-June 1948.

| Month | released by the Import-Export Board | | |
|-----------------|-------------------------------------|------------------------------------|----------------|
| | Schedule II | Schedule I and Schedule III (A) | Total |
| January | US\$10,233,000 | US\$2,101,000 | US\$12,334,000 |
| February | 8,351,000 | 2,937,000 | 11,288,000 |
| March | 6,178,000 | 2,532,000 | 8,710,000 |
| April | 11,584,000 | 2,412,000 | 13,996,000 |
| May | 8,508,000 | 1,413,000 | 9,921,000 |
| June | 6,632,000 | 1,289,000 | 7,921,000 |
| TOTAL | 51,486,000 | 12,684,000 | 64,170,000 |
| Monthly Average | 8,581,000 | 2,114,000 | 10,595,000 |

However, this improvement in the trade balance, was only achieved through sacrificing the country's needs. As a result of import restrictions, the prices of many important necessities imported from abroad, rose higher than other commodity prices. For instance, white newsprint costing only CN\$3.00 per ream before the War, soared to CN\$47,000,000 in Shanghai at the beginning of August 1948, i.e. 15,700,000 times higher; and the prices of metals at about the same time were 8,900,000 times their prewar level. Meanwhile the contemporary index number of general

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wholesale prices in the city, as compiled by the China Institute of Economics, was only 5,500,000. Another consequence was that many industrial enterprises in this country handicapped by the shortage of raw materials, had to reduce the scale of their operations or suspend business altogether.

Through June to such a critical stage that the Government itself began to realize that new measures should be taken to break the deadlock. It was understood however that any new move should not risk curtailing the Government's foreign exchange resources, nor be allowed to stimulate black market operation in gold and U.S. currency notes. Thus, import-export linking proposals were rebuffed as hindering the Government from increasing its disposable currency, while import agents' payment with self-provided foreign exchange were considered by the Government authorities as a temptation to black-marketing in free markets.

After many deliberations, the Government promulgated on July 30th, 1948, the Measures for Application to Import Capital Held by Overseas Chinese or Capital Held Abroad by Chinese Nationals for Investing in Home Productive Enterprises. According to these Measures, proof had to be established that the capital concerned really belonged to overseas Chinese or to the case of deposits made abroad by Chinese nationals, certificates had to be obtained that they had been located in foreign banks before June 30th, 1948. With this new set of measures, the Government expected a forthcoming supply of raw materials sufficient for 6 months' requirements without incurring the dangers attendant on too many difficulties were involved in this device and it proved of no avail.

III. - Concentration of Export Business.

The third feature of the Chinese Foreign Trade since the war has been the nature of the export business.

A common practice among exporters has been to hoard export commodities when the exchange rate was unfavourable and to ship them at once as soon as the rate was revised. This, however, could only be done by firms disposing of a large capital and thus the smaller ones were progressively eliminated. Smuggling also could be successfully carried on only with the backing of a few magnates usually associated with powerful cliques.

Such a de facto monopoly gave the remaining exporters the power to control prices of export commodities at home and thus to reap huge additional profits. Tea from T'unch'i and Ch'ouchen for instance was contracted at US\$0.50 per pound C.I.F. North Africa a short time ago, yet tea exporters' firms consented to pay only US\$0.30 per pound F.O.B. Shanghai. The same happens to bristles whose prices at home are many a time heavily cut down. This is of course very detrimental to the production of goods destined for export and to the farm economy as a whole.

As already mentioned, the Government has been undertaking exports on a large scale, its activities not being hindered by the low foreign exchange rate fixed by the Central Bank. It must be noted in this respect that while some exports can be undertaken by private exporters, others are completely reserved to the Government, such as cotton yarn, cotton piece goods, mineral products, soya beans from the North-east and sugar and camphor from Taiwan.

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After many deliberations, the Government itself began to realize that new measures should be taken to break the deadlock. It was understood however that any new move should not risk curtailing the Government's foreign exchange resources, nor be allowed to stimulate the market operation in gold and U.S. currency prices. Thus, import-export linking proposals were rebuffed as hindering the Government from increasing its disposable currency, while import payment with self-provided foreign exchange were considered by the Government authorities as a temptation to black-market gold and greenbacks.

After many deliberations, the Government promulgated on July 30th, 1948, the Measure on the Application to Import Capital Held by Overseas Chinese and the Application by Chinese Nationals for Investing in Home Production Enterprises. According to these measures, proof had to be furnished that the capital concerned really belonged to Chinese citizens. On the basis of deposits made abroad by Chinese nationals, certificates had to be obtained that they had been laid down in foreign banks before June 15th, 1948. With this new set of measures, the Government expected a forthcoming supply of raw materials sufficient for a month's requirements without incurring the dangers attendant on too many difficulties were involved in this device and it proved of no avail.

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As already mentioned, the Government has been undertaking exports on a large scale, its activities not being hindered by the low foreign exchange rate fixed by the Central Bank. It must be noted in this respect that while some exports can be undertaken by private exporters, others are completely reserved to the Government, such as cotton yarn, cotton piece goods, mineral products, soyab beans from the North-east and sugar and camphor from Taiwan.

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The same phenomenon of concentration has been witnessed in the import field. A large portion of the business has been monopolized by the Government, while the greater part of the imports accessible to private concerns have been shared among a few privileged merchants and foreign firms.

Among importers to whom foreign exchange was granted by the Import-Export Board for the month of March 1948 under Schedule II, 6 firms got appropriations totalling US\$3,290,000, or nearly 53.3% of the total import quota. Of these 6 firms, only one was Chinese, i.e. the Government-operated China Petroleum Corporation, while the rest were all foreign companies. Again, in April of the same year, 7 firms shared altogether 42.3% of the total quota; and though 4 of these firms were Chinese, viz. the Central Trust, China Textile Industries Inc., China Petroleum Corporation and the Chung Hwa Book Company, they received only one half as much as the 3 foreign firms.

The same thing happened in the distribution of permits for non-quota imports under Schedule I and Schedule III (A). Although 100 firms were granted foreign exchange for these items in the month of March 1948, 15 of them aggregated US\$626,000 or about 24.7% of the total; of these firms, 11 were owned by foreigners and secured US\$430,000, while 4 Chinese firms, the Government-operated China Vegetable Oil Corporation, Hai-Nan Railway and Mining Company, China Textile Machinery Company, and Hai Hsin Development Corporation, were allotted US\$230,000. Again, in April 8 firms received a total allotment amounting to US\$245,000 or about 13.1% of the total amount under Schedule I and Schedule III (A). Of this amount of US\$245,000, US\$117,000 was shared by 4 Chinese companies, the China Vegetable Oil Corporation, the Taiwan Aluminium Company, the Yung Hsa Coal Mining Company, and the China Portland Cement Company, and the rest was granted to foreign firms.

According to the Far Eastern Economic Review, "imports undertaken by private concerns represented only 30% of the total imports in the first quarter of 1948, while private exports made up only 20% of the total exports during that same period". Such is the magnitude of the Government's interference with the foreign trade of our country.

The foregoing analysis, however, has not shown all the aspects of the monopolization of foreign trade by bureaucratic and foreign capital, for this has also infiltrated into some private factories and it is no easy task to make an estimate of it. Furthermore, with the newly activated U.S. Aid, the trend of concentration is becoming ever more acute, as foreign firms alone are said to be entrusted with the import of supplies coming under the agreement.

(End)

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U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

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| | | |
|----------------|--|---------------------|
| Topic: | Trade between China and the South Seas, Past and Present | Document No: 106 |
| Author: | Chou En-jung | Nature: Translation |
| Periodical: | New China Magazine (Hsin Chung Hwa) | Number of pages: 10 |
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TRADE BETWEEN CHINA AND THE SOUTH SEAS,
PAST AND PRESENT

Although the Peace Treaty with Japan has not yet been concluded, the third year after the war has seen the re-opening of Japanese private trade by SCAP on Aug. 15, 1947, in spite of strong remonstrances, and the partial recovery of her South Seas markets. As a retaliatory measure against this policy, the Chinese of these countries have started a movement there to boycott Japanese goods.

The South Sea Lands, with their tropical or sub-tropical climate, abundant rainfall and fertile soils, produce many valuable exports, such as coconuts, rubber, hemp, sugar, rice, cocoa, and pepper which, together with tin and petroleum, are exchanged for daily necessities and manufactured goods from all over the world. With such valuable natural resources it is no wonder that these countries, with their population of 130 million, have tempted the cupidity of colonizing powers.

As early as the Ta'ing and Han Dynasties Chinese were migrating to the South Seas where their industry built up a solid economic foundation. The tradition has been continuous and even to-day, in the Dutch East Indies, Malaya and the Philippines most of the merchants, both wholesale and retail, are Chinese. Penetrating deep into the countryside they exchange Chinese goods for the products of the native villages which they then ship to their home markets in an ever increasing trade.

I. - Before the War.

In spite of its long history, before the war China's trade with the South Seas was kept on a comparatively small scale, by the active competition of Great Britain, the USA, Holland and Japan.

1) IN THE PHILIPPINES, both export and import trade were mainly with the USA, in virtue of a preferential trade agreement. After 1933, Japanese imports were on the increase, and only a small percentage of trade fell to China, which ranked after the USA, Japan and Great Britain. While the Philippines ranked tenth among the countries exporting to China. The balance of trade was

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favourable to China, whose exports, from 1934 to 1941, exceeded her imports by about CN\$15,062,000 per year.

These exports consisted mainly of textile goods, including fabric, cotton piece goods, yarn, thread and knitted goods; foodstuffs, largely eggs and egg products, ham and bacon, of which the Philippines took 30% of China's total export, and lard; coal and other fuels; and vegetable oil. In return China received most of her supply of raw hemp, together with timber, sugar, molasses, coconut oil, fruits and tobacco.

2) THE DUTCH EAST INDIES supplied 6% of China's total imports, coming after USA, Japan, Great Britain and Germany, while China only supplied 2% of the imports into the Dutch East Indies, ranking eighth among the importing nations. The balance of trade was therefore unfavourable to China which piled up a trade deficit amounting to 430,431,923 customs silver taels in the years between the inauguration of the Chinese Customs service in 1860, and 1933. This continuous deficit was counterbalanced, however, by the remittances of oversea Chinese settled in the East Indies. China's principal exports were cotton goods, beverages and foods, with considerable quantities also of china and earthenware, paper, timber, wooden wares, chemical products, machinery and tools.

From the outbreak of the Sino-Japanese War until 1941, the Dutch East Indies imported large quantities of Chinese cotton yarn, for which there was a steady market in the Java and "Matula" regions. Textiles imported were mainly jeans, sheetings and native cloth, with increasing supplies of towels, socks and underwear, both for natives and for local Chinese. The latter were the chief importers of foodstuffs such as meat, dried vegetables, fresh and dried fruits and tea; and also of firecrackers and tin foil. In return the Dutch East Indies exported to China in 1938, 67.6% of its petroleum which fell to 60.9% in 1939, and 54.8% in 1940. Other exports were sugar, petroleum products, quinine, kapok and pepper.

3) MALAYA was one of China's largest customers, taking much more than she sold, so that the balance of trade was favourable to China until 1933. She imported foods, including animals and animal products, vegetables, fresh and dried fruits, fish, seeds, wine, tea, drugs and spices, textile products such as cotton piece goods, yarn and thread, paper and tin foil, china, chemicals, leather and leather goods. Exports were chiefly rubber, foodstuffs, including beverages and tea food, pepper, timber, tin, paints and wax.

4) INDOCHINA maintained a favourable balance of trade against China, owing to her bulk exports of rice and to the keen competition of French goods. China's trade deficit averaged 13,184,000 customs gold units from 1934 to 1938; but she had a favourable balance of 16,610,000 G.G.U. in 1939 and of 34,310,000 in 1940. Her chief imports were rice and coal, for which during the war years Indo-China was almost her only entrepot and source of supply, cement and fish. In return she exported cotton goods, vegetables, paper, wheat flour, tea, rice, sugar and tobacco, with small quantities of raw silk and spices.

5) SIAM. The trade between China and Siam has always been small, averaging 10,000,000 customs silver taels in 1932 and between 11 and 16 million customs gold units from 1935-39. It was also one-sided, consisting almost entirely of Siamese rice which made up 88.4% of the imports, with another 6.7% teak and other timber. Chinese exports, mainly cotton yarn, cotton goods,

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vegetables, fruits and paper; only averaged a total value of 3 to 5 million customs gold units, so that from 1935-1939 she had an average annual trade deficit of 6,483,000 customs gold units.

6) BURMA. China's trade with Burma has also been small in volume, averaging less than 1% of her total foreign trade up to 1939 though there has been a slight increase since then. It is of much the same type as the Siamese trade: imports of rice and timber set off by small quantities of silk and cotton goods and foodstuffs for the use of the overseas Chinese.

7) HONGKONG has always been a very important entrepot and transshipment centre not only for British goods but also for foodstuffs from South East Asia destined for China. Before the war it dealt with 30% of China's total exports, mainly seeds, mineral ores, vegetables and vegetable products, silk and cotton piece goods, drugs and spices, raw silk, peanut oil, tung oil, lard, livestock and fresh and dried fruits. In return China imported through Hongkong manufactured goods such as metal goods and machinery, chemicals and woollen goods, sea products, cereals, books and paper, maintaining however a favourable balance of trade.

8) BRITISH NORTH BORNEO. Trade with British North Borneo was controlled by the North Borneo Trade Company and the population there is scanty and undeveloped, so that the volume of trade has never been large and the balance has been unfavourable to China. In return for timber and mineral oil she exports mainly vegetables, stoneware and earthenware with a few miscellaneous trade goods.

II. - The Years 1946 and 1947.

Trade with the South Seas, suspended during the war, has revived under new conditions, since the colonies have all been fighting for their independence from the war exhausted countries of Europe. China has had to exert herself if she is to regain her prewar markets. Since the war her trade has been chiefly with Hongkong, Singapore and the Philippines. In 1946 over 50% of her imports from the South, with a value of CN\$67,220,123,000, came from Hongkong, 23% came from Malaya by way of Singapore and the rest from the Philippines, Siam, Burma, the Dutch East Indies & Borneo. Her exports for the same year were valued at CN\$146,099,000,000, 79.68% going to Hongkong, 6.7% to Singapore and 3.7% to the Philippines. Exports to North Borneo totalled only CN\$33,000.

In 1947 the South Seas supplied about 8.6% of China's total imports. Out of a total of CN\$920,365,578,000, 38.38% came from Singapore, and 21.32% from Hongkong. Exports increased from 33.02% of her total exports in 1946 to 44.65% in 1947. 76.54%, with a value of CN\$2,179,373,506,000, went to Hongkong; 7.53% to the Philippines; 6.86% to Siam; 5.95% to Singapore; 2.07% to the Dutch East Indies; 0.62% to Burma; 0.4% to Indo-China and to North Borneo only two thirds of the preceding year's amount.

If the South Seas trade is taken as a whole, China's trade balance was favourable in both years, with an export surplus of CN\$16,635,719,000 in 1946 and CN\$1,926,970,003,000 in 1947. If however the trade with each place is considered separately, she had a favourable balance only with Hongkong in 1946, and with Hongkong, the Philippines & Siam in 1947. With Singapore her trade deficit in 1947 amounted to nearly CN\$184,000,000,000.

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| Place | 1945 | | 1947 | |
|--------------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|
| | Value in C\$1,000 | % of total trade of China | Value in C\$1,000 | % of total trade of China |
| Burma | | | | |
| Imports from | 1,489,738 | 0.10 | 119,364,944 | 1.12 |
| Exports to | 635,196 | 0.15 | 17,764,027 | 0.28 |
| Balance (-) | 854,542 | | 101,600,917 | |
| Indo-China | | | | |
| Imports from | 9,377,344 | 0.26 | 43,126,387 | 0.40 |
| Exports to | 1,063,910 | 0.52 | 11,530,343 | 0.18 |
| Balance (-) | 8,313,434 | | 31,596,038 | |
| Siam | | | | |
| Imports from | 6,640,631 | 0.44 | 76,856,107 | 0.72 |
| Exports to | 2,635,913 | 0.64 | 195,394,556 | 1.06 |
| Balance (-) | 4,004,718 | | 118,538,449 | |
| Hongkong | | | | |
| Imports from | 67,220,723 | 4.48 | 196,271,026 | 1.84 |
| Exports to | 116,415,863 | 28.25 | 2,179,373,506 | 34.16 |
| Balance (+) | 49,195,140 | | 1,983,102,481 | |
| North Borneo | | | | |
| Imports from | 1,423,582 | 0.10 | 25,778,176 | 0.24 |
| Exports to | 33 | | 22,070 | |
| Balance (-) | 1,423,549 | | 25,756,106 | |
| Dutch East Indies | | | | |
| Imports from | 5,051,291 | 0.34 | 92,165,466 | 0.86 |
| Exports to | 150,194 | 0.03 | 59,151,442 | 0.93 |
| Balance (-) | 4,921,097 | | 33,014,024 | |
| Singapore | | | | |
| Imports from | 30,383,722 | 2.0 | 353,309,784 | 3.31 |
| Exports to | 9,801,673 | 2.38 | 169,624,339 | 2.66 |
| Balance (-) | 20,582,049 | | 183,685,445 | |
| the Philippines | | | | |
| Imports from | 7,876,699 | 0.52 | 13,493,688 | 0.13 |
| Exports to | 5,416,667 | 1.31 | 234,475,292 | 3.36 |
| Balance (-) | 2,460,032 | | 200,981,603 | |
| TOTAL: | | | | |
| Imports | 129,463,730 | 8.62 | 920,365,578 | 8.62 |
| Exports | 146,099,449 | 33.02 | 2,847,335,581 | 44.66 |
| Favorable trade balance for China | 16,635,719 | | 1,926,970,003 | |

Remarks: Source of material: Returns of Foreign Trade of China,
published by the Chinese Customs House.
(-) = trade deficit.
(+) = favorable trade balance.

The goods exchanged since the war between China and the South Seas are almost the same as before the war since both demand and production have changed very little. Cotton products have been exported in greater quantity, however, owing to the rapid development of the Chinese textile industry. In 1946 textile fibres, yarn, thread, piece goods, knitted goods and other textile products made up 34.31% of the exports to the South Seas, increasing to 53.58% in 1947. This represented 25.21% of China's total export of textiles in 1946 and 37.93% in 1947. 60% of these exports of textiles went to Hongkong.

The principal other products exported to the South Seas in 1947 and the relatively few imports are shown in the following Tables.

| <u>Item</u> | <u>Value in CN\$1,000</u> | <u>% in China's Total Export of Said Item</u> | <u>Remarks</u> |
|----------------------------------|-------------------------------|---|---------------------|
| Oils & Waxes | 528,346,188 | 43.23 | 95% to Hongkong |
| Animals & Animal Products | 463,216,180 | 38.92 | |
| Metals, Mineral Ores & Metalware | 109,862,751 | 32.04 | Largely to Hongkong |
| Fresh & Dried Fruits | 68,862,499 | 96.95 | |
| Vegetables | 64,119,879 | 93.77 | Largely to Hongkong |
| Paper (including tin-foil) | 34,143,203 | 91.83 | |

Since imports from the South Seas was not active, the varieties of goods were limited. The following table shows, by order of their importance, some of the main items and their values:

| <u>Item</u> | <u>Value in CN\$1,000</u> | <u>% in China's Total Import of Said Item</u> |
|-------------------------------------|-------------------------------|---|
| Candles, Soap, Oils, and Fats | 237,073,774 | 14.00 |
| Rice | 196,780,268 | 56.54 |
| Hemp and Manufactures thereof | 193,401,943 | 84.1 |
| Metals, Mineral Ores, and Metalware | 46,308,735 | 58.50 |
| Medicinal Substances and Spices | 20,754,149 | 73.49 |

Geographically, historically and economically it seems obvious that trade should develop between the tropical, newly developed States of the South Seas, as yet without industries and temperate China with her urgent need for large quantities of rubber, petroleum, iron, coconut oil and rice. Another factor is the presence of 10 million Chinese among the 130 million population of the South Seas. Growing industrialisation on both sides, with a consequent rise in the standard of living, will only increase the possibilities for mutual trade.

III. - Competition with Japan and Measures necessary to meet it.

Though the breaking up of the prewar South Seas trade, which was dominated by Great Britain and Japan, has in some ways created a situation favourable to China, there are still many difficulties to be faced. The independence of India and Burma, together with her internal problems, has reduced British trade, now confined to Malaya and Hongkong, far below its prewar level; but Japan remains a formidable rival. The formidable trade deficit resulting from her heavy imports from America were formerly set off by trade with the South Seas, her most important foreign market. Since her defeat, although no Peace Treaty has yet been signed, Japan has already resumed her foreign trade, in the form of international barter in September 1945, and by the revival of private foreign trade on August 15th 1947. For the past year and

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3) Malaya (including Singapore):

| Exports to China: | | Exports to China: | |
|--------------------------------------|----------------------|-------------------------------|----------------------|
| 1946 | 1947 | 1946 | 1947 |
| Most Important Items | Most Important Items | Most Important Items | Most Important Items |
| Candles, Soap Oils & Fats | 11,236,703 | Miscellaneous Goods | 181,715,310 |
| Miscellaneous Goods | 8,820,157 | Candles, Soap, Oils & Fats | 117,794,684 |
| Fishery & Sea Products, Timber, etc. | | Medicinal Substances & Spices | 10,361,166 |
| | | Timber | 8,046,413 |
| | | Dyes & Paints | 6,502,231 |
| Total Exports: | 30,383,722 | Total Exports: | 353,309,784 |
| Imports from China: | | Imports from China: | |
| 1946 | 1947 | 1946 | 1947 |
| Most Important Items | Most Important Items | Most Important Items | Most Important Items |
| Paper | 1,499,507 | Cotton Piece Goods | 41,677,592 |
| Vegetables | 1,206,965 | Yarn, Thread, & Knitted Goods | 33,409,493 |
| Textile Products, etc. | | Paper | 13,403,285 |
| | | Sugar | 11,804,314 |
| | | Beans | 10,948,816 |
| | | Vegetables | 8,622,220 |
| Total Imports: | 9,801,673 | Total Imports: | 169,624,339 |

4) Indo China:

| Exports to China: | | Exports to China: | |
|-------------------------------|----------------------|-------------------------------------|----------------------|
| 1946 | 1947 | 1946 | 1947 |
| Most Important Items | Most Important Items | Most Important Items | Most Important Items |
| Rice & Other Cereals | 5,088,418 | Rice & Other Cereals | 15,243,825 |
| Coal & Fuels | 621,482 | Coal & Fuels | 12,441,697 |
| | | Miscellaneous Goods | 7,511,426 |
| | | Medicinal Substances & Spices | 3,147,786 |
| Total Exports: | 9,377,344 | Total Exports: | 43,126,387 |
| Imports from China: | | Imports from China: | |
| 1946 | 1947 | 1946 | 1947 |
| Most Important Items | Most Important Items | Most Important Items | Most Important Items |
| Medicinal Substances & Spices | 429,801 | Animals & Animal Products | 3,401,845 |
| Textile Fibres | 109,051 | Cotton Yarn, Thread & Knitted Goods | 2,600,570 |
| | | Textile Fibres | 2,597,955 |
| | | Miscellaneous Goods | 496,134 |
| Total Imports: | 1,063,910 | Total Imports: | 11,530,349 |

5) Siam:

| 1946 | | 1947 | |
|----------------------|-----------|----------------------------|------------|
| Most Important Items | | Most Important Items | |
| Cereals & Flour | 3,824,753 | Cereals | 62,798,037 |
| Timber | 852,106 | Timber | 4,676,983 |
| | | Candles, Soap, Oils & Fats | 4,507,521 |
| Total Exports: | | Total Exports: | |
| 6,640,631 | | 76,856,107 | |

| 1946 | | 1947 | |
|----------------------|---------|-------------------------------------|-------------|
| Most Important Items | | Most Important Items | |
| Cotton Piece Goods | 388,537 | Cotton Yarn, Thread & Knitted Goods | 151,512,869 |
| Paper | 326,516 | Cotton Piece Goods | 23,338,345 |
| Textile Products | 312,226 | Other Textile Products | 4,993,202 |
| | | Vegetables | 3,177,751 |
| | | Paper | 2,347,214 |
| Total Imports: | | Total Imports: | |
| 2,636,913 | | 195,394,556 | |

6) Burma:

| 1946 | | 1947 | |
|-----------------------|-----------|-----------------------|-------------|
| Most Important Items | | Most Important Items | |
| Cotton, Yarn & Thread | 1,067,241 | Rice | 109,309,441 |
| Rice | 19,826 | Cotton, Yarn & Thread | 8,046,781 |
| | | Timber | 1,142,389 |
| Total Exports: | | Total Exports: | |
| 1,489,738 | | 119,364,944 | |

| 1946 | | 1947 | |
|----------------------|---------|----------------------------------|-----------|
| Most Important Items | | Most Important Items | |
| Textile Fibres | 415,065 | Metals, Mineral Ores & Metalware | 7,802,627 |
| | | Textile Fibres | 4,526,837 |
| | | Yarn, Thread & Knitted Goods | 3,306,520 |
| Total Imports: | | Total Imports: | |
| 635,196 | | 17,764,027 | |

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7) Hongkong:

| 1946 | | 1947 | |
|----------------------|------------|----------------------|-------------|
| Exports to China: | | Exports to China: | |
| Most Important Items | | Most Important Items | |
| Metals & Mineral | | Miscellaneous | |
| Ores | 7,743,438 | Goods | 50,230,731 |
| Candles, Soap, Oils | | Metals & Mineral | |
| & Fats | 5,849,988 | Ores | 37,438,132 |
| Fishery & Sea | | Chemical & Phar- | |
| Products | 4,239,437 | macauticals | 25,363,898 |
| | | Candles, Soap, Oils | |
| | | & Fats | 11,006,869 |
| | | Dyes & Paints | 9,690,300 |
| Total Exports: | 67,220,723 | Total Exports: | 196,271,025 |

| 1946 | | 1947 | |
|----------------------|-------------|----------------------|---------------|
| Imports from China: | | Imports from China: | |
| Most Important Items | | Most Important Items | |
| Seeds | 21,757,061 | Oil & Waxes | 527,817,679 |
| Medicinal Subs- | | Animals & Animal | |
| tances & Spices | 12,795,871 | Products | 434,804,408 |
| Animals & Animal | | Cotton Piece Goods | 345,636,140 |
| Products | 11,319,290 | Yarn, Thread, & | |
| Metals, Mineral Ores | | Knitted Goods | 211,363,557 |
| & Metal Products | 10,711,748 | Metals, Mineral Ores | |
| | | & Metalware | 94,523,314 |
| | | Fresh & Dried | |
| | | Fruits | 56,510,664 |
| | | Vegetables | 48,835,659 |
| | | Medicinal Subs- | |
| | | tances & Spices | 44,084,343 |
| Total Imports: | 116,415,863 | Total Imports: | 2,179,373,506 |

8) North Borneo:

| 1946 | | 1947 | |
|----------------------|-----------|----------------------|------------|
| Exports to China: | | Exports to China: | |
| Most Important Items | | Most Important Items | |
| Candles, Soap, Oils | | Candles, Soap, Oils | |
| & Fats | 907,919 | & Fats | 17,863,366 |
| Timber | 488,805 | Timber | 7,019,195 |
| | | Miscellaneous Goods | 5,014,814 |
| Total Exports: | 1,423,582 | Total Exports: | 25,778,176 |

| 1946 | | 1947 | |
|----------------------|----|----------------------------|--------|
| Imports from China: | | Imports from China: | |
| Most Important Items | | Most Important Items | |
| Mostly Stone, Sand | | Animal & Animal | |
| Clay & Their | | Products | 14,350 |
| Manufactures | 33 | Vegetables | 1,900 |
| | | Fresh & Dried Fruits, Mis- | |
| | | cellaneous Goods, etc... | |
| | | Total Imports: | 22,070 |

(End)

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| | | |
|----------------|--|--|
| Topic: | Coal Mining and Trade in Taiwan | Document No.: 107 |
| Author: | Ch'en Pail-yao | Nature: Digest |
| Periodical: | The Taiwan Engineering Monthly | Number of pages: 17 |
| Date of Issue: | (Taiwan Mining Ch'eng Chieh) May 20th & June 20th, 1948. | Remarks: Original title is "Coal Mines in Taiwan". |

COAL MINING AND TRADE IN TAIWAN.

Coal reserves in Taiwan are estimated at 400,000,000 tons, or about 1/565 of the total reserves of China.

Though this figure is not high, exploitation of the mines has always been active. The average output of coal under Japanese domination was 1,500,000 tons per year in prewar days or about 1/12 that of China; it reached a peak in 1941 with 2,850,000 tons but dropped to 1,910,000 tons in 1944, owing to shortage of labour, capital and equipment.

The present output is approximately 1,800,000 tons per year, the value of which represents over 80% of the total value of all minerals produced in Taiwan and is equivalent to 6 times the value of the bananas produced on the island, 7 times that of the pineapples and 15 times that of the tea. Besides supplying the province, coal is shipped regularly to Canton, Amoy, Foochow and the Shanghai-Nanking areas.

It is also worth mentioning that over 40,000 persons are directly engaged in coal mining and if their families and other people more or less dependent on the business are taken into account, the total number is well over 600,000 or about 1/10 of the entire population of Taiwan.

I. - Geological Formation and Coal Measures.

Coal beds in Taiwan belong to the Tertiary Era and are mostly found North and West of the Central Mountain Range. The lower beds lie among clay, slate and sandstone, and lower down still, gneiss, crystalline limestone and crystalline schists of a metamorphic character.

There are three series of coal measures, containing from 2 to 5 seams each; the upper lying 1,200 metres above the middle and the middle 900 metres above the lower. The thickness of the various seams is tabulated below:

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(in metres)

| Measures | 1st seam (upper) | 2nd seam | 3rd seam | 4th seam | 5th seam | 6th seam (lower) |
|----------|---------------------|----------|----------|-----------|----------|---------------------|
| Upper | --- | 0.39 | --- | 0.45 | --- | --- |
| Middle | 0.24 | 0.33 | 0.39 | 0.60-0.90 | 0.37 | --- |
| Lower | --- | 0.30 | 0.37 | 0.50 | 0.37 | --- |

The interval between the seams is from 10 to 30 m., while their dip varies from less than 10 to more than 80 degrees though it is most commonly between 20 and 35.6 degrees. 2 seams in the upper measures are being exploited at present, 2-3 seams in the middle measures and 2 seams in the lower measures.

In general, the coal field sinks gradually in a southerly direction.

The Upper Measures have a total thickness of 1,400 metres. Their strata are formed alternately of soft sandstone and shale, and since they have been much affected by weathering, a strip of hilly terrain has resulted. The outstanding feature of these measures is that the upper part contains white, crisp sandstone, with very indeterminate stratification, which is suitable for making glass. This sandstone is especially abundant in the Hsinchu district where its thickness reaches 100 metres. Some outcrops occur in the Hsinchu district at Kuanhsi and Nanchuang, but it is mainly found in the Taipei district at Wuliao, Shuiliutung, Tach'i and Pachieh in the Tach'i sub-district; Sanhsia in the Hailian sub-district; Ank'eng in the Wenshan sub-district; and Hsieh in the Ch'ihshing sub-district.

The Middle Measures, with a thickness of 1,500 m., are the most important of the three. They are well represented by what is locally called the "Szuchiaot'ing System", to which belong the majority of the mines under exploitation in Taipei. Above the coal seams, at 400 m. deep, is the so-called "Nankang sandstone", 45 m. thick, of a dark brown colour and containing limestone. The rocks here are hard enough to withstand weathering, and many precipitous cliffs have thus been formed. The lower part of the measures, 300 m. thick, contain sandstone and shale.

The Lower Measures are 1,000 m. thick and like the upper measures have the special feature of containing soft white sandstone. Their outcrops are mainly found at Shihmen and Nanku in Panch'iao; T'utzu'eng in Yingka; and at Neihuhuang and Tawulun. The upper part of these measures lies among limestone, basalt and tufa, while the lower part contains strata of white rough-grained sandstones called the "Yuanshan strata", 1,000 m. thick and hard. The outcrops of these "Yuanshan strata" occur half way up the Northern slope of the Tawulun Mountain and on the Southern slope of the Malien. No such "Yuanshan strata" appears however, in the Hsinchu district. The coals of these measures are very hard and suitable for coking.

Changes in the earth's crust have caused much folding and faulting in the various coal measures which have thus become much more irregular than those in China Proper. The faults follow an east westerly direction, but their axis lies ENE-WSW, parallel to that of the island.

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These irregular thrust planes coupled with the thinness of the coal layers constitute a great handicap to prospecting and exploitation. It is, however, partially offset by the relative frequency of the outcrops.

| Measures | Taipei Region | Hainchu Region | Total |
|----------|---------------|----------------|-------|
| Upper | 1 outcrop | 7 outcrops | 8 |
| Middle | 16 | 7 | 23 |
| Lower | 2 | 1 | 3 |
| TOTAL | 25 | 15 | 40 |

GEOLOGICAL DISTRIBUTION OF MAIN
COAL MINES IN TAIWAN

(Names underlined are those of the more important mines whose reserves or output are recorded in the subsequent tables.)

I. - Upper Measures.

| <u>System</u> | <u>Mine</u> | <u>Location</u> (<u>Sub-district</u>) |
|---------------|---------------------|--|
| Chinpaoli | | Keelung |
| Fute | Fute | Ch'ihsing |
| Kuanhai | Lichiu | Hainchu |
| " | Kuanhai No.1 | " |
| " | Haik'eng of Kuanhai | " |
| " | Shihmen | " |
| " | Takuan | " |
| Shiht'oushan | Shiht'oushan | Chunan |
| " | Ite | " |
| " | Ihsing | " |
| " | T'ienwei | " |
| " | <u>Pengnan</u> | Chutung |
| " | <u>Nanpang</u> | Chunan |

II. - Middle Measures.

| <u>System</u> | <u>Mine</u> | <u>Location</u> (<u>Sub-district</u>) |
|----------------|-----------------------------------|--|
| K'ant'uechia | Malien | Keelung |
| " | Wanli No.1 | " |
| " | Lengshuik'u | Ch'ihsing |
| " | Fute | " |
| Malingk'eng | <u>Keelung No.3</u> | Keelung |
| " | Junglungk'eng | " |
| " | Shihli | " |
| " | Patu | " |
| " | Shihp'ao | " |
| " | Heyi No. 2 | " |
| " | <u>Paikang Nos. 1, 2, & 3</u> | " |
| " | Wufenk'eng | Ch'ihsing |
| Ssuechiaot'ing | Juihek'eng | Keelung |
| " | Ch'ongtek'eng | " |
| " | Yungfuk'eng | " |
| " | <u>Juifang Nos. 1, 2, & 3</u> | " |
| " | Nuannuank'eng | " |
| " | <u>Shihli</u> | " |
| " | Shihshao | " |
| " | <u>Yuanfeng</u> | Ch'ihsing |

| <u>System</u> | <u>Wine</u> | <u>Location</u> (<u>Sub-district</u>) |
|----------------|-------------------------|--|
| Szuchiaot'ing | Sungshan Nos. 1, 2, & 3 | Ch'ihsing |
| " | Chinhsing | " |
| " | Hehsing | " |
| " | Tenhsing | " |
| " | Tefeng | Wenshan |
| " | Yungfeng | " |
| " | Huafeng | " |
| Heintien | Juich'ang | Keelung |
| " | Ilung | " |
| " | T'aihe | " |
| " | Kushan | " |
| " | Lungsh'ang | Wenshan |
| " | T'ai sung | " |
| " | Chenshan | " |
| " | Wenshan | " |
| " | Lingchih | " |
| " | Huiling | " |
| " | Yinhe | " |
| " | Juicun | Ch'ihsing |
| T'uch'eng | Ch'iyi | Wenshan |
| " | Ch'anghua | " |
| " | Haishan | Haishan |
| " | Ch'engfu | " |
| " | Hungming | " |
| Shantzuchiao | Luch'eng | T'ao-yuan |
| " | Lungchi | Haishan |
| " | Kungt'ung | " |
| " | Kunglung | " |
| " | Tafeng | " |
| Sanhoia-Tach'i | Tapao | Haishan |
| " | Chinmin | " |
| " | T'ungyi | " |
| " | Juich'un | " |
| " | Chaojih No.2 | T'ao-yuan |
| " | Ch'ichow | " |
| " | Yungfa | " |

III. - Lower Measures.

| <u>System</u> | <u>Wine</u> | <u>Location</u> (<u>Sub-district</u>) |
|--------------------|----------------------|--|
| Waimuchan | Chenhsing | Keelung |
| " | Yungyu | " |
| " | Juliao Nos. 1 & 2 | " |
| Poit'ou | Juicun | Ch'ihsing |
| " | Shihling | " |
| " | Fute | " |
| Nankang | Shenghsing | Ch'ihsing |
| " | T'aihe | " |
| Tingshuangch'i | Yuhsing | Keelung |
| " | Tungfa | " |
| " | Tech'ang | " |
| " | Aulan | " |
| " | Sanhsing | " |
| Tingtzulan | " | " |
| Nanghihchiao | Panch'ian Nos. 1 & 2 | Haishan |
| " | Fuhsing | " |
| " | Shihmen | Hsinchu |
| Lower Shantzuchiao | T'ao-yuank'eng | T'ao-yuan |
| " | T'ut'uk'eng | Haishan |
| " | Tafeng | " |
| Paichi | Tap'u | " |
| " | Paichi | " |
| Chent'oushan | " | " |

II. - Coal Fields and Reserves.

There are two main coal fields in Taiwan, the Northern and the Southern. Taken as a whole, they stretch in a south-westerly direction from the coastal areas near Keelung in Taipei district to the Ta-an-shih (River) in Hsinchu district, covering an area of 2,000 sq.km. The total length of the two coal regions is 160 km., while their width is most variable: 35 km. near Keelung; 20 km. near Yingke; 10 km. near Kuangshui and 20 km. near Chunan.

The Northern Coal Field consists mainly of the Suohiaot'ing and the Mushan systems. The former lies along the Keelung River from Juifang to Hsichih and Nankang, the latter along the Tsungshan Railway, from Takaslin (N.W. of Keelung) to Tawulun, Hsientung, Luliao, Hungnei, Feishinhu, Shantzuohiao, Shulin and Taoyuan. Among other systems belonging to the northern coal field are the Tienliackang, Chinpoeli and Shihli. The Southern Coal Field comprises the Sanhsia-Tachai, Kuangshui, Shint'oushan and all other systems located in the Hsinchu district.

There are also small coal fields scattered here and there, as in the districts of Taichung (Chichitashan), Taitung (Alishan, K'engneihsiang & T'aiwan), Kaohsiung (Ch'ishan, Hsienpei, Lilungshan, Hengch'un & Sant'ai, Taitung, Hualien and F'enghu (i.e. Pescadores). But whether they have economic value has not yet been ascertained.

It is estimated that the coal mining regions will in the future occupy 733,772 hectares distributed as follows:

| | |
|-------------------|------------------|
| Taipei district | 578,907 hectares |
| Hsinchu district | 137,501 |
| Taichung district | 17,554 |

The mines at present under exploitation are all located in areas north of the Ta-an River in the district of Taipei; they occupy a total area of 85,032.2 hectares.

Approximate reserves in the various measures are evaluated as follows:

| Measures | Reserves (unit: metric ton) | | Total |
|----------|-----------------------------|-----------------|-------------|
| | Above Sea Level | Below Sea Level | |
| Upper | 6,023,000 | 30,436,000 | 36,461,000 |
| Middle | 55,302,000 | 285,464,000 | 340,826,000 |
| Lower | 8,154,000 | 35,807,000 | 43,961,000 |
| TOTAL | 69,529,000 | 351,709,000 | 421,248,000 |

So far 52,740,000 metric tons or about 1/8 of the total has been exploited.

| Coal Reserves of the More Important Mines in Taiwan | | | | | | | |
|---|--------------------|--------------|--------------------------|-----------------|-------------|-----------|-------|
| Name of Mine | Location | No. of seams | Thickness of seams (ft.) | Reserves (tons) | | | Total |
| | | | | Sub-surface | Exploitable | Proven | |
| TAIPEI DISTRICT | | | | | | | |
| Taipei (new) No.1 | Neelung (Municip.) | 3 | 3.5 - 1.3 | 499,823 | 2,531,767 | 3,031,590 | |
| Neelung No.3 | " | 3 | 3.2 - 2.9 | 1,209,436 | 7,203,102 | 8,412,538 | |
| Neelung No.4 | " | 3 | 3.3 - 1.4 | 1,127,509 | 8,672,621 | 9,800,130 | |
| Neelung No.2 | " | 3 | 3.5 - 1.8 | 1,007,447 | 8,176,141 | 9,183,588 | |
| Neelung No.3 | " | 3 | 3.0 - 1.3 | 1,130,243 | 5,701,944 | 6,832,187 | |
| Neelung No.4 | " | 3 | 3.1 - 1.6 | 945,654 | 5,578,339 | 6,523,993 | |
| Neelung No.5 | " | 1 | 1.7 | 482,304 | 2,411,540 | 2,893,844 | |
| Neelung No.6 | " | 2 | 2.0 - 0.7 | 430,913 | 2,331,199 | 2,762,112 | |
| Neelung No.7 | " | 2 | 3.3 - 1.1 | 347,223 | 2,111,119 | 2,458,342 | |
| Neelung No.8 | " | 3 | 2.8 - 0.9 | 340,104 | 1,863,297 | 2,203,401 | |
| Neelung No.9 | " | 2 | 2.8 - 1.2 | 325,556 | 1,118,763 | 1,444,319 | |
| Neelung No.10 | " | 3 | 3.0 - 0.9 | 288,082 | 1,131,470 | 1,419,552 | |
| Neelung (new) No.3 | " | 3 | 3.2 - 1.4 | 294,554 | 1,411,223 | 1,705,777 | |
| Neelung No.4 | " | 3 | 3.2 - 1.2 | 239,403 | 1,139,467 | 1,378,870 | |
| Neelung No.5 | " | 3 | 2.9 - 1.0 | 330,160 | 1,217,453 | 1,547,613 | |
| Neelung No.6 | " | 2 | 2.7 - 1.2 | 250,141 | 1,310,414 | 1,560,555 | |
| Neelung No.7 | " | 3 | 2.8 - 0.9 | 260,482 | 1,318,227 | 1,578,709 | |
| Neelung No.8 | " | 2 | 2.9 - 1.3 | 136,952 | 810,215 | 947,167 | |
| Neelung No.9 | " | 2 | 2.0 - 0.9 | 295,735 | 1,113,679 | 1,409,414 | |
| Neelung No.10 | " | 2 | 2.2 - 0.9 | 233,403 | 1,117,822 | 1,351,225 | |
| Neelung No.11 | " | 2 | 2.2 - 0.9 | 440,131 | 1,113,626 | 1,553,757 | |
| Neelung No.12 | " | 2 | 2.2 - 0.9 | 113,466 | 1,113,626 | 1,227,092 | |
| Neelung No.13 | " | 2 | 2.6 - 1.4 | 425,107 | 1,113,626 | 1,538,733 | |
| Neelung No.14 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.15 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.16 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.17 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.18 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.19 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.20 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.21 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.22 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.23 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.24 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.25 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.26 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.27 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.28 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.29 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.30 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |
| Neelung No.31 | " | 2 | 2.6 - 0.9 | 330,160 | 1,113,626 | 1,443,786 | |

TAIWAN COAL DISTRICT

| Name of Mine (Location) (Sub-district) | Tungsh'ang Hsinchu | Fengnan Chutung | Nan'an Chunan | Hsing Chunan |
|--|-----------------------|--------------------|------------------|------------------|
| No. of seams | 2 | 1 | 2 | 2 |
| Exploitable Thickness of each seam (ft.) | 2.4 - 0.8 | 1.3 | 2.3 - 0.9 | 2.3 - 0.8 |
| Reserves (tons) | | | | |
| above sea level | 574,733 | 270,933 | 1,208,933 | 525,355 |
| below sea level | 2,873,667 | 1,354,767 | 6,034,667 | 2,842,797 |
| Total | 3,448,400 | 1,625,700 | 7,243,600 | 3,368,152 |

III. - Type of Coal

Generally speaking, brown coal occurs in the upper measures and low grade bituminous in the middle and lower, the latter under high pressure has in many places become high grade bituminous, suitable for use in boilers and for coking.

The physical properties of the coal vary with the amount of expansion and contraction it has undergone; where this has been great the seams have undergone severe cracking and cleaving and their mode of cleavage has been altered. Normally it breaks into more or less square blocks; but the upper measures split into thin pieces, which being very brittle are easily crushed and powdered. There has been expansion and contraction much more of the coal is thus reduced. The color is also affected: normally the upper measures are black, the middle and lower dark brown; but it tends to be brown where it is powdered. The luster is normally glassy in the thicker measures and greasy in the lower; after undergoing compression stresses it becomes jet black.

The specific gravity of the coal is from 1.2 to 1.3. Taiwan coal contains many impurities, such as shale in the upper measures and the so-called 'Taiwan Mark' in the middle measures. The admixture increases where there has been fracturing; but all these impurities can be removed by washing or washing.

As regards the chemical characteristics the following table speaks for itself; the water, ash and sulphur content and auto-combustion are the main drawbacks.

Chemical composition of Taiwan Coal

| | Upper Measures | Middle Measures | Lower Measures |
|---------------------------|----------------|-----------------|----------------|
| Moisture Content | 4-5.5% | 2.1-3.3% | 1.5-2% |
| Volatile Matter | 39.5-40.1 | 40.5-41.2 | 36.5-37.2 |
| Fixed carbon | 31.3-32.7 | 43.5-44.5 | 46.5-47.7 |
| Ash content | 20.5-22.2 | 8.5-10.2 | 9.5-11.4 |
| Sulphur | 1.2-3.0 | 1.0-3.5 | 1.5-2.5 |
| Calories | 5.4-5.5 kcal | 6.5-7.1 kcal | 7.1-7.5 kcal |
| Fuel ratio | 0.75-0.8 | 1.00-1.1 | 1.10-1.4 |
| Cohesion | none | weak | strong |
| Auto-combustion | very rapid | rapid | slow |
| Factor of Calorific Power | 70.0-71.0 | 73.0-72.5 | 61.0-63.0 |

NOTE: 1) For a detailed analysis of the various coals according to mines, see the appendix at the end of this study.

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With regard to coking properties, only coals from the lower and middle measures come into question. Up to now, however, the coke obtained is far from satisfactory owing to its high ash and sulphur content. The coal of Kalapa and Nanchuang, in the Hsinchu district appears to be of better quality for metallurgical coke but neither of these fields is yet under exploitation.

B. Analysis of cokes obtained from various coals in Taiwan.

| Name of mine | Moisture | Volatile matter | Fixed Carbon | Ash Content | Sulphur |
|----------------|----------|-----------------|--------------|-------------|---------|
| Yungyu | 2.43 | 3.90 | 75.01 | 18.57 | 1.10 |
| Luliao | 1.38 | 3.11 | 78.01 | 17.50 | 2.28 |
| Nanhai (2) | 1.11 | 3.37 | 72.53 | 23.09 | 1.21 |
| Nanhai (3) | 0.58 | 2.21 | 72.63 | 23.70 | 2.14 |
| Shenghsing (1) | 1.04 | 3.34 | 76.87 | 18.75 | 1.45 |
| " (2) | 1.33 | 3.50 | 73.91 | 21.26 | 1.31 |
| " (3) | 2.06 | 4.78 | 57.43 | 34.66 | 1.31 |
| Yuhsing (2) | 0.65 | 3.10 | 65.16 | 30.36 | 1.15 |
| Shanpan (1) | 0.65 | 3.87 | 77.64 | 17.84 | 0.42 |
| " (2) | 0.80 | 2.77 | 73.35 | 23.04 | 0.50 |
| Wutan (1) | 0.70 | 3.23 | 71.91 | 14.16 | 0.31 |
| " (2) | 1.53 | 4.10 | 80.10 | 14.27 | 0.55 |
| Tungfa (1) | 1.94 | 3.30 | 52.13 | 12.63 | 0.31 |
| " (2) | 1.51 | 3.97 | 80.01 | 14.51 | 0.39 |
| Tech'ang (1) | 0.39 | 2.95 | 81.28 | 15.28 | 1.06 |
| " (2) | 0.54 | 3.44 | 55.73 | 29.19 | 0.28 |
| Panch'iao (1) | 0.53 | 3.57 | 78.10 | 17.75 | 2.04 |
| " (2) | 1.03 | 3.32 | 73.81 | 21.54 | 1.10 |
| " (3) | 0.79 | 3.24 | 73.21 | 22.76 | 1.15 |
| Puhsing | 0.84 | 3.04 | 70.51 | 19.61 | 1.51 |
| Ch'ichou | 0.55 | 2.56 | 84.35 | 12.51 | 1.54 |
| Yungfa | 0.89 | 3.77 | 84.63 | 10.71 | 1.55 |
| Tungch'ang | 1.07 | 4.45 | 73.68 | 20.73 | 0.39 |
| Kalapa | | | | | |
| Unwanhed (1) | 0.99 | 0.70 | 87.09 | 10.93 | 0.47 |
| " (2) | 1.00 | 2.53 | 85.37 | 11.10 | 0.36 |
| washed (1) | 1.55 | 0.67 | 85.12 | 10.11 | 0.74 |
| Nanchuang | | | | | |
| washed (1) | 0.64 | 0.70 | 81.03 | 17.13 | 0.51 |
| " (2) | 0.66 | 1.06 | 80.55 | 15.92 | 0.51 |

IV. - Exploitation.

As the coal seams in the mines in Taiwan are very thin and irregular in structure, the scale of their exploitation is much smaller than in China Proper.

In the collieries now being worked on the island, there are as yet only horizontal and inclined shafts but no vertical pits. Most of the shafts are constructed in the same direction to reach the seams, and it is sometimes necessary to excavate the rocks and make inclined shafts to a depth of several hundred metres to over 3,000 metres before arriving at the coal seams. The average shafts have an average dip of 20 degrees, though this may vary from 10 to 30 degrees.

In digging the shafts, large quantities of rock have usually to be removed. For this purpose, holes are first drilled in the rocks either by man power or by compressed-air drills.

and then explosives such as nitro-glycerine or dynamite are utilized. These explosives which formerly came from Japan, are now imported from England and the U.S. It is expected that safety explosives produced by the Sangshingiao factory under the Coal Mining Co. of Taiwan, will be widely used in the near future.

On account of the presence of fire damp in the coal seams, electric lights are used in the mines in order to ensure safety, and electric power is also employed for ventilation and pumping water.

The advancing long-wall method is largely adopted for coal mining on the island. Only picks are being employed as coal-cutters cannot be used on the narrow seams.

Coal is transported in pushcars to the entrance of the shafts. In the case of inclined shafts, it is pushed to the junction between the galleries and the shafts and is then hauled up by windlasses. In deeply inclined shafts, several successive windlasses have to be installed; for instance, the inclined shaft of the Jui-fang No. 1 mine is 3,000 m. long and it has become necessary to install 3 windlasses in 3 successive sections.

The means of transportation between the collieries and railroad stations depend on the distance as well as on the topography. In some places light railways have been built and pushcars or even locomotives are used (e.g. in the Ch'iling, Hsiao-Do. 1 & 2 mines). Where there is no railway, trucks are used instead (as in the Hsintien, Wenshan, Hsinchu and Chunan mines). In the mountainous regions where no other transportation means are possible, wire ropes and power conveyors are installed for the purpose, as in the Jui-fang No. 2 and Hsiao-Do. 1 mines.

The coal mines in operation in Taiwan approximated to 200, when production reached its peak in 1941. The number has diminished by nearly one half at the conclusion of the war. After the taking over by the Chinese Government, many old mines resumed operations, and at present, 240 mines are being exploited while 40 more are under preparation.

Number of mines operating in the last eight years.

| Year | Number of shafts | | Total |
|-----------------|------------------|------------|-------|
| | Inclined | Horizontal | |
| 1941 | 112 | 98 | 210 |
| 1945 | 62 | 47 | 109 |
| 1946 | 75 | 79 | 154 |
| 1947 | 82 | 101 | 183 |
| 1948 (May-June) | 90 | 150 | 240 |

REMARKS: Both in 1941 and 1945 all the mines were operated by private concerns.

In 1946, the Taiwan Provincial Government operated 73 mines, while 100 were exploited by private interests.

In 1947 there were 73 mines under the management of the Government, and 110 private-owned.

At present (May-June 1948), 87 mines are operated by the Government, and 153 exploited by private enterprises.

The monthly output of coal in Taiwan since the take-over is indicated in Table A. below, while Table B gives the production in the various administrative sub-districts for the first four months of 1948:

Table A. Monthly Output
Oct. 1945-April 1948

| <u>Month</u> | <u>Output in mt.</u> | <u>Month</u> | <u>Output in mt.</u> |
|--------------|----------------------|--------------|----------------------|
| 1945 October | 18,134 | 1947 January | 99,069 |
| November | 29,275 | February | 86,119 |
| December | 56,545 | March | 100,987 |
| 1946 January | 85,817 | April | 117,123 |
| February | 61,891 | May | 127,140 |
| March | 83,200 | June | 110,048 |
| April | 89,940 | July | 109,131 |
| May | 95,865 | August | 90,210 |
| June | 86,917 | September | 104,208 |
| July | 81,062 | October | 102,715 |
| August | 85,456 | November | 127,760 |
| September | 86,318 | December | 127,181 |
| October | 89,747 | 1948 January | 151,134 |
| November | 94,874 | February | 103,514 |
| December | 114,136 | March | 133,508 |
| | | April | 148,315 |

Table B. Production in Various Sub-districts
(January - April 1948)

| <u>District</u> | <u>Number of Mines</u> | <u>Output (metric tons)</u> |
|-----------------|------------------------|-----------------------------|
| Taipei: | | |
| Keelung | 123 | 323,715.35 |
| Haishan | 34 | 87,918.05 |
| Henshan | 28 | 51,280.97 |
| Ch'ihding | 25 | 32,724.78 |
| Hainchiu: | | |
| Chunan | 11 | 17,799.11 |
| Taiyuan | 11 | 11,693.35 |
| Hainchiu | 7 | 5,721.19 |
| Chutung | 5 | 5,332.35 |
| Liadli | | 577.00 |
| TOTAL: | 246 | 536,962.19 |

Of the total amount, Government-operated mines, numbering 87, produced 245,184.78 metric tons; whereas private mines, numbering 153, yielded a total of 291,777.40 metric tons.

In order to understand what the postwar rehabilitation has achieved, it may be interesting to look at the past production, indicated in the following table.

7.

If all the coal mines, both government and private, are considered as a whole, then their present monthly output averages 600 tons per mine, though it may vary from several tons to more than 3,000 tons. There are now 35 mines which are yielding 1,000 to 3,000 tons of coal every month, while only 6 mines have a monthly output of more than 3,000 tons (see Table below).

| <u>Name of Mine</u> | <u>Location</u> (Sub-district) | <u>Ownership</u> | <u>Type of Shaft</u> | <u>Output</u> (Metric tons) |
|------------------------|-----------------------------------|------------------|----------------------|--------------------------------|
| TAIPEI DISTRICT | | | | |
| Luliao (new) No.1 | Keelung (Municip.) | Govt. | Inclined | 5,534.77 |
| Juifang No.3 | Keelung | " | " | 30,500.00 |
| Shihtsi | " | Private | " | 21,858.27 |
| Juifang No.1 | " | Govt. | " | 19,650.33 |
| Keelung No.3 | " | " | " | 17,955.41 |
| Fuwei No.1 | " | " | " | 9,600.00 |
| T'ienyuan | " | " | " | 8,875.00 |
| Luliao (new) No.2 | " | " | " | 8,801.00 |
| Shihtsi'o | " | " | " | 8,521.45 |
| Juifang No.2 | " | " | " | 8,178.33 |
| Ilung | " | Private | " | 7,357.00 |
| Peikang No.1 | " | Govt. | " | 7,307.00 |
| Henshan | " | Private | " | 5,100.00 |
| Tunghe No.1 | " | " | " | 5,030.14 |
| Shihli | " | " | " | 5,305.23 |
| Tiaohsue | " | Govt. | " | 5,104.64 |
| Tanyuan | " | " | " | 4,812.00 |
| Peikang No.3 | " | " | " | 4,760.00 |
| Shihtsi No.3 | " | Private | " | 4,750.00 |
| Sanwan No.1 | " | " | " | 4,547.00 |
| Shenghsing | " | " | Horizontal | 4,032.00 |

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| <u>Name of Mine</u> | <u>Location</u> (<u>Sub-district</u>) | <u>Ownership</u> | <u>Type of</u> <u>Shaft</u> | <u>Output</u> (<u>metric tons</u>) |
|-------------------------|--|------------------|--------------------------------|---|
| Peikang No.2 | Keelung | Govt. | Inclined | 4,050.22 |
| T'aihe | " | Private | " | 2,993.22 |
| Patu No.2 | " | " | " | 2,470.00 |
| Patu (branch) | " | " | Horizontal | 2,250.00 |
| Yuanfeng No 2 | Ch'ihsing | " | Inclined | 4,289.72 |
| Chinhsing | " | " | " | 2,022.46 |
| Tefeng | Yenshan | " | " | 6,481.31 |
| Yunghe | " | " | " | 6,351.00 |
| Yungfeng | " | " | " | 5,943.70 |
| Tafeng | Haishan | " | " | 11,950.00 |
| Hu-1 | " | " | " | 10,173.00 |
| T'utzu'eng | " | Govt. | " | 9,355.85 |
| Matsu | " | " | " | 7,355.70 |
| Lungchi | " | Private | " | 7,192.00 |
| Haishan No.2 | " | " | " | 6,455.00 |
| Shantzuehiao | " | " | " | 4,380.00 |
| Chinming | " | " | Horizontal | 4,160.00 |
| Sanhsia | " | " | " | 2,200.70 |
| Haishan No.3 | " | " | " | 1,310.30 |
| Hehsing | Taipei (Municip.) | " | Inclined | 4,651.00 |
| <u>HSINCHU DISTRICT</u> | | | | |
| Tungch'eng | Hsinchu | Private | Horizontal | 1,454.05 |
| Pengnan | Chutung | " | " | 775.60 |
| Nanpang | Chunan | Govt. | " | 4,448.70 |
| Ihsing | " | Private | " | 2,730.00 |

V. - Present Trade and Prospects

The sale of coal produced in Taiwan is under the control of the Coal Regulation Commission. The government intervention in the sales for local consumption, abolished in autumn 1946, was restored in April the next year. The trade in coke has been not free within the limits of the island since February this year, but export to other provinces is still under government direction.

The coal trade may be divided into 3 categories. local consumption, export and shipping.

Under the Japanese occupation local consumption assumed great importance especially during the period 1931-1945. It was 3.7 times the export figure in 1936; 3.2 times in 1941; 10 times in 1944 and 20 times in 1945. The situation has greatly changed since 1946 when Formosa was returned to China: fairly large quantities of coal are being despatched to the Mainland equalling as much as 86% of the local consumption in 1945.

ANNUAL SALES OF COAL 1936-1948
(metric tons)

| Year | Local Consumption | Export | Shipping | Total |
|-----------------------|-------------------|---------|-----------|-----------|
| 1936 | 895,104 | 241,510 | 640,289 | 1,776,903 |
| 1937 | 855,206 | 407,915 | 1,003,606 | 2,266,727 |
| 1938 | 865,478 | 500,750 | 890,810 | 2,256,038 |
| 1939 | 1,105,706 | 527,928 | 954,330 | 2,587,964 |
| 1940 | 1,239,476 | 667,877 | 865,282 | 2,772,635 |
| 1941 | 1,165,580 | 479,127 | 515,345 | 2,159,052 |
| 1942 | 1,021,727 | 352,130 | 436,610 | 1,810,467 |
| 1943 | 1,099,561 | 334,689 | 356,304 | 1,790,554 |
| 1944 | 1,085,542 | 134,742 | 320,703 | 1,540,987 |
| 1945 | 830,466 | 21,928 | 29,363 | 881,757 |
| 1946 | 453,061 | 382,475 | 16,923 | 852,459 |
| 1947 | 625,943 | 431,879 | 47,092 | 1,104,914 |
| 1948 (first 4 months) | 332,721 | 149,210 | 30,244 | 512,175 |

If we classify local consumption by use we see that railroads and sugar-alcohol factories have received the largest coal allotments during the past two years and a half.

The distribution of coal consumption (metric tons)

| | 1946 | 1947 | 1948 (first 4 months) |
|-------------------------|---------|---------|--------------------------|
| Railroads | 145,096 | 164,516 | 68,136 |
| Sugar-alcohol factories | 112,745 | 105,342 | 78,588 |
| Cement factories | 23,806 | 60,756 | 41,771 |
| Electric power plants | 16,610 | 45 | 3,700 |
| Ceramics industry | 2,526 | 83,033 | 24,978 |
| Textile industry | 17,070 | 30,357 | 15,620 |
| Monopoly Bureau | 9,658 | 20,466 | 6,004 |
| Retail | 27,125 | 57,487 | 12,412 |
| Others | 66,748 | 103,035 | 85,510 |
| Total | 453,060 | 625,943 | 332,721 |

It should be noted that factories in Southern Taiwan frequently suffered from coal shortage in the past owing to the limited capacity for railroad transportation. Though the despatch of coal from the North by sea route (from Keelung to Kaohsiung) was strengthened by the end of 1947, no real improvement was achieved on account of the tardiness of the shipments and the high costs for loading and unloading. The situation has now been greatly relieved by the raising of the railway transportation capacity to 120,000 tons in January this year. As a consequence of the civil war, coal shortage has often been experienced on the mainland and increasing demands for Taiwan coal have been made from China Proper. Shanghai and Canton being the two leading ports for coal shipments from Taiwan.

A breakdown of export figures
by ports of destination (Metric tons)

| | 1946 | 1947 | 1948 (first 4 months) |
|---------------|---------|---------|--------------------------|
| Shanghai | 317,443 | 340,751 | 27,073 |
| Hankow | 5,113 | --- | --- |
| Canton | 36,444 | 76,847 | 47,800 |
| Amoy | 2,300 | 6,100 | 1,750 |
| Foochow | 4,573 | 1,160 | 1,982 |
| Kowloon | 1,216 | --- | --- |
| Hongkong | 3,504 | --- | --- |
| Tsingtao | 12,084 | 300 | --- |
| Hainan Island | 1,507 | --- | 600 |
| Total | 382,431 | 420,876 | 149,210 |

Following active investments from all quarters and strenuous efforts made by mining circles, the coal business in Taiwan has been enjoying a relative prosperity. Whether further improvements may be achieved in the future will largely rest upon four factors: Equipment, Capital, Coal Price and Demand.

Mining equipment has been sold by the Coal Regulation Commission at ceiling prices and has been greatly instrumental in increasing the production. It is expected that U.S. Aid to China will furnish further machinery.

The problem of working capital has been solved by the Coal Regulation Commission which grants loans against stocks of coal as security. If large sums are needed, recourse may be had to the Bank of Taiwan with the mining equipment as security.

Profit is a great stimulant for increasing production. The price of coal should be fixed in such a manner as to ensure a reasonable margin of gain for the producers. It is especially important to readjust it from time to time so as to keep pace with the general price trend. The price of coal was below the general commodity price index during the year 1946. After successive revisions, in June, August and October 1947, however, it came nearer to the average price level. It ultimately surpassed the general prices in December 1947 and made further strides ahead in February and March 1948.

| Month | General Commodity Index | Coal Price Index (first grade slack) |
|---------------|-------------------------|---|
| 1937 | 100.0 | 100.0 |
| 1946 January | 4,223.0 | 2,952.5 |
| March | 5,534.3 | 3,279.5 |
| May | 6,104.3 | 6,223.3 |
| August | 10,671.6 | 7,060.3 |
| October | 10,518.0 | 7,394.1 |
| November | 11,117.2 | 9,212.6 |
| 1947 January | 13,170.5 | 15,404.4 |
| April | 21,013.0 | 23,353.3 |
| June | 34,226.3 | 31,579.0 |
| August | 43,411.7 | 40,179.7 |
| October | 70,814.7 | 70,603.3 |
| December | 87,044.7 | 88,644.7 |
| 1948 February | 120,614.7 | 141,206.7 |
| March | 135,003.6 | 202,624.1 |

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Chemical Analysis of Coals in Taiwan (continued)

| Name of Mine | Location (Sub-district) | Type of Coal | Moisture Content | Vol. Fixed Matter | Fixed Carbon | Ash Content | Sulphur | Calories | Fuel Ratio | Cohesion |
|----------------------------|----------------------------|----------------------|---------------------|----------------------|-----------------|----------------|---------|----------|---------------|----------|
| <u>HSINKU DISTRICT</u> | | | | | | | | | | |
| Ch'ichou | Tach'i | Washed | 1.12 | 42.34 | 49.44 | 7.10 | 2.13 | 7,642 | 1.17 | strong |
| Yun'ia | " | " | 1.51 | 41.58 | 47.78 | 9.13 | 2.00 | 7,436 | 1.15 | strong |
| Lich'iu | Meinchu | Lump | 5.30 | 44.05 | 43.21 | 7.40 | 1.29 | 6,804 | 0.98 | ne |
| Shihmen | " | " | 4.59 | 35.48 | 51.04 | 9.09 | 2.02 | 6,691 | 1.44 | no |
| Tungch'ang | " | Washed & unwashed | 0.44 | 31.93 | 58.10 | 9.53 | 1.47 | 7,486 | 1.02 | strong |
| Pala's (unexploited) | Chutung | " | 0.44 | 21.22 | 69.67 | 8.67 | 0.73 | 7,797 | -- | strong |
| Nanchuang (unexploited) | Chunen | " | 2.41 | 20.39 | 63.45 | 13.75 | 0.75 | 7,257 | -- | " |
| Nanpang | " | Lump | 1.24 | 44.48 | 47.62 | 6.66 | 4.32 | 7,332 | 1.07 | weak |
| Shih'oushan | " | " | 4.75 | 42.06 | 40.30 | 12.89 | 1.88 | 6,336 | 0.96 | no |
| T'ienwei | " | Washed | 4.81 | 40.60 | 41.23 | 13.36 | 2.10 | 6,107 | 1.00 | no |

(End)

U N I V E R S I T Y L I A U R O R E
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Metallic Ores in Kiangsi.

Study No. XXII

Number of pages: 12

Articles and reports digested and
combined in this study.

"Geology of the Iron Deposits in the Lower Yangtze Region"
by C.Y. Hsieh, a memoir published by the National Geological
Survey of China and the Institute of Geology of the National
Academy of Peking, April 1935.
"Geology of Western Kiangsi" by P. Kuo and K.C. Hsu, a memoir
published by the National Geological Survey of China and
Institute of Geology of the National Academy of Peking,
December 1940.
"Tungsten discovered in Hsingkuo", the National Journal of
Commerce, April 1947.
"Minerals in Kiangsi Province", Shen Pao, July 2, 1947.

(Continued in the note on page 12)

METALLIC ORES IN KIANGSI

At the end of the war the general plan of recon-
struction and development for the Province of Kiangsi gave
special importance to the better exploitation and utilization
of local metallic ores. The deposits of iron, manganese,
tungsten, tin, bismuth, molybdenum and barite ores listed
below were the object of special projects.

| Ores | Site of Deposits | Haies | Projected Output |
|-----------|------------------|-----------|------------------|
| Iron | Mushihshan | Yunghsin | 1,000 tons daily |
| Manganese | Chungguchieh | Lop'ing | not fixed |
| Tungsten | Hsihuashan | Tayu | 100 tons monthly |
| | Tachihshan | Ch'iennan | 100 " " |
| | Kweimeishan | Lungnan | 50 " " |
| | Huameiao | Hsingkuo | 100 " " |
| | P'ankushan | Anyuan | 20 " " |
| Bismuth | Shiaolung | T'aiho | 20 " " |
| | P'ankoushan | Anyuen | 1 ton " |
| | Anch'ient'an | Yutu | not fixed |
| Tin | Hungshuichai | Tayu | 50 tons monthly |
| | Hsiialung | " | 5 " " |
| | P'iaot'ang | " | 10 " " |
| Barite | Tsinglienshan | Linch'uan | not fixed |

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Plans had also been drawn up for developing Ch'engmen-sha (T'ienhsu) into a medium sized metallurgical centre for producing iron works, a refinery for alloy of tungsten, molybdenum with iron, and a tin refinery.

None of these prospects has been realized so far, but at present, when development of the Southern provinces is more important than ever, it is interesting to recall briefly the various resources in metallic ores in Kiangsi on which such plans and projects had been based.

I. - Iron Ore.

Iron ores in Kiangsi belong to three different groups distinguished by their formation:

- i - Those of hydrothermal origin situated along the Yangtze in Northern Kiangsi. Two localities have been prospected so far, one at Ch'engmenshan in Kuikiang, and the other at T'ungling-shan in Juich'ang.
- ii - Those formed in sedimentary rocks belonging to the Paleozoic Period and distributed in Western Kiangsi. The principal districts are found at Shangchuling in P'ingshiang, Jushihshan & T'aihushan in Yunghsin, and T'iehkuangao and Chulingao in Lienhua.
- iii - The iron sands widely distributed in the ditches and river beds in the granite regions of southwestern and southeastern Kiangsi. They are of little if any economic value.

Iron ore reserves in Kiangsi are estimated at about 15,500,000 tons (iron sands being omitted):

| Iron Deposits | Reserve (Tons) | Remarks |
|------------------------------------|----------------|---|
| Ch'engmenshan (Kuikiang) | 6,288,000 | |
| T'ungling-shan (Juich'ang) | 580,000 | |
| Jushihshan & T'aihushan (Yunghsin) | 5,360,000 | The reserve at T'aihushan is said to be 100,000 t. only |
| Shangchuling (P'ingshiang) | 2,000,000 | |
| T'iehkuangao & Chulingao (Lienhua) | 1,226,000 | Reserve at Chulingao: 360,000 tons only. |
| | 15,454,000 | |

1) THE CH'ENG-MENSHAN IRON DEPOSITS are situated about 23 km. W. of Kuikiang in Northern Kiangsi and 17 km. N.W. of the Shaho station of the Kuikiang-Nanchang Railway. They may be reached either by Shaho station or by boat from Kuikiang direct to Ch'engmenshan. The region has a number of lakes and rivers which are navigable during the wet season.

Ch'engmenshan is the name for a group of hills surrounding the small, shallow lake called Ch'engmenhu, which in a wet summer season may be flooded nearly up to the slopes of the surrounding foot hills. These hills are of moderate height, rising some 100-150 m. above the alluvial plain or about 200-240 m. above sea level. The hilly region forms an anticlinal structure with the lake Ch'engmenhu occupying the centre of the anticline. Geologically speaking, the hills are composed of lower Silurian sandstone and shale in the centre of the anticline and quartzite of Devonian-carboniferous age on both flanks with Permian limestone and coal series exposed on the south flank.

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Iron deposits in the form of detached ore-bodies of various sizes are found in an area from Chinchitsui in the North to Shaochiwa in the South, a distance of more than 1 km. The ore consists chiefly of hematite with some limonite, often mixed with a high percentage of silica. Chemical analysis shows that the ore may show 30-63% of iron and 3-49% of silica.

According to Mr. Jong Wen-hao and Mr. C.C. Wang, the length of the ore body varies from 300 to 500 metres, with a width of from 90-180 metres, the ore body at T'iehmenk'an being the largest and the richest. The total reserve has been estimated by Mr. Jong Wen-hao at 6,288,000 tons (only ore with more than 40% iron content being considered).

According to Mr. C.C. Wang three different grades of ore may be distinguished:

- i - High grade hematite with more than 60% of iron which is found at Chinchitsui and T'iehmenk'an but constitutes only about 1/3 or 1/4 of the total reserve.
- ii - Limonite containing 50-60% of iron which occurs principally at Shaohuoshan, Yangt'ienlo and Hsiaoynap'o.
- iii - Poor siliceous limonite with only some 30% iron which seems to form the bulk of the ores.

A part of the Ch'engmenshan, covering an area of 498.5 mow between Tayaop'o and the west of T'iehmenk'an and in the northern section of Chinchitsui, was bought by the Han Yeh Ping Company. The rest of the hills mainly belong to the Kuangsi provincial Government. Neither part has been exploited so far.

2) T'UNGSHINGSHAN IRON DEPOSITS. Located 45km. N. of Kiukiang in the Juich'ang district 20 km. from the capital city. The shortest way to the Hsin River is towards Mat'ouchen 12 km. N. The ore is chiefly hematite with some magnetite and limonite. Average iron content is 50%. Reserves are estimated at 560,000 tons.

3) THE WUSHIHSHAN IRON DEPOSITS. Situated in the west of Yunghsin, the deposits are 70 li from the hsien capital, 50 li from Lienhua in the North and 60 li from Ningkan in the south. The mining area is 8-13 li from Loukiangshau where it is drained by the Hoshui which is navigable for 200-ton barges except in winter.

Marine oolitic hematite of Upper Devonian formation exists in the ore bodies in two strata of which the main one is 1-3 metres in thickness.

The ore reserve is estimated at some 5,000,000 tons; the average composition is given in the following analysis:

| | | | |
|------------|----------------|--------------------------------|--------|
| Iron | 50.00% & above | SiO ₂ | 17.00% |
| Phosphorus | 0.47% | Al ₂ O ₃ | 5.00% |
| Sulphur | 0.03% | CaO | 0.88% |
| Manganese | 0.32% | MgO | 0.35% |

For forty years the deposit has been exploited by native methods. An iron works established at T'ienho in 1940 by the Provincial Government and the National Resources Commission, utilized the ores from Wushihshan, as well as from T'aihuashan.

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Primitive methods are used in the production of tungsten in Kiangsi because human labour is cheap and easily available. The use of machinery when introduced in the 3 leading mines of Hsihuashan (Tayu), Kweimeishan (Lungshan), and Tschingshan (Ch'ingshan), proved to be more costly than man power. Ordinarily, the supply of labour is more abundant in the winter months as the farmers are no longer working on their fields, and the regular miners, i.e. those who work constantly throughout the whole year, represent only 40% of the total labour supply. Consequently, the output of tungsten is highly seasonal; usually an increase begins to show from the tenth moon (October-November) and reaches its maximum in the first moon (February) of the following year.

The best producing district in the whole province is Tayu, with 77.67% of the total production; next is Yutu, 1.14%, and the last is Hsingkuo, with only 0.04%. According to statistics, more than 300,000 metric tons of the total reserves have already been excavated in the past 30 years.

Table showing the production of Tungsten in Kiangsi (1918-1946, m.)

| | | | |
|------|-------------|-------|----------------|
| 1918 | 13,162 m.t. | 1933 | 9,113 m.t. |
| 1919 | 7,875 | 1934 | 8,000 |
| 1920 | 2,141 | 1935 | 2,101 |
| 1921 | 9,936 | 1936 | 7,658 |
| 1922 | 10,555 | 1937 | 7,080 |
| 1923 | 7,357 | 1938 | 9,102 |
| 1924 | 8,025 | 1939 | 8,562 |
| 1925 | 9,900 | 1940 | 6,873 |
| 1926 | 9,000 | 1941 | 10,085 |
| 1927 | 8,747 | 1942 | 10,015 |
| 1928 | 8,750 | 1943 | 7,620 |
| 1929 | 12,146 | 1944 | 2,897 |
| 1930 | 6,377 | 1945 | work suspended |
| 1931 | 5,299 | 1946 | 2,865 |
| 1932 | 5,050 | Total | 232,015 |

According to the above table, the highest production took place in the years 1918 and 1929, 13,162 m.t. for the former and 12,146 m.t. for the latter. During World War I, the price of tungsten went up very high and the production was pushed up considerably to meet the demands. But production went down immediately in 1919 as the war was already over. It rose again gradually and reached a comparatively high figure in 1929, at the beginning of the world crisis. During the first years of the Sino-Japanese War until the Pearl Harbor incident, the export of tungsten was carried on through Hongkong.

In 1944, export became more difficult than ever. Two routes were still available but very expensive: one by land to USSR via the Northwestern Provinces and the other by air to the USA over the Hump. As each of these routes could only accommodate a very small quantity of exports, the production as well as the price of tungsten dropped drastically. In 1941, both production and collection by the government were suspended and did not resume until 1945. Exports also redeveloped gradually with Hongkong as the leading centre of distribution. Owing to the unreasonable price of official collection, smuggling has been very popular in the coastal provinces in South China.

EDITOR'S NOTE: 1) "Tungsten in Kiangsi", Economic Development Quarterly, April, 1946.

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After the war, exploitation of tungsten in Shansi became an enterprise of the Central Government until March 1948 when it became a Central and Local Government enterprise, following an accord of the National Resources Commission. The distribution of profits, as reported by the Shan Yen Pao, May 18, 1948, is said to be 60% to the Central Government and 40% to the Shansi Provincial Government.

The conditions of production seem to have improved in 1947, some 5,000 tons being produced by the government and private mines. The government enterprises include Hsinhuashan, Hsinshuichai and F'isot'ang in Tayu; Tschihshen in Ch'ienmen; Kwei-shan in Lungshan; Hua-shan in Hsingkuo and P'ankushan in Anyuen. The private mines are exploited by miners in groups of 5 or 10 after obtaining a licence from the Special Minerals Administration. Their products have to be sold to the Administration at prices fixed by the latter.

Recent reports indicate that several deposits have been discovered in South, East and West Shansi where exploitation is said to have already begun. The H'uchunshu mine in Linfeng, Eastern Shansi, discovered in 1947, produced tungsten as good that as Hsinhuashan, the first and richest mine in the province.

In Anfu, two masses of tungsten ores of very good quality were discovered at Yukungshan. Preliminary prospecting undertaken by the National Resources Commission in Western Shansi established that these ore masses are 1-2 metres in width and 500-600 metres in length. Some 10,000 workers have been despatched by the Special Minerals Administration to take up exploitation. In Hsingkuo, S. Shansi, a new site is also reported with rich deposits of tungsten ore.

Tin, bismuth and molybdenum are often found in conjunction with tungsten.

Tin is usually found in the upper part of the tungsten ores; sometimes the quantity of tin obtained is more than that of tungsten. Tin is found mainly in the following districts: Tayu, Ch'ungli, Shangyu, Hank'ang and Kanhsien. Among the best known in this province are the tin mines of Hungshuichai, P'iao-t'ang and Hsiat'ang in Tayu; P'anlungshan and Loyenshan in Hank'ang; Hsienao'tan and Lomushan in Ch'ungli and Changt'ient'ang in Shangyu. Cassiterite found in these districts is of good quality containing an average of 68.96 - 69.42% of pure tin. The annual output is about 1,000 tons, chiefly obtained from Tayu.

Bismuth is mined in Tayu, Hank'ang, Ch'ungli, Shangyu, Kanhsien, Anyuen, Yutu, Huich'ang and Hsingkuo. The ores are bismuthite, bismute, bismuthinite and native bismuth, but the majority of these found are bismuthite. The average content of bismuth is above 70%. The total production is said to be only 100 tons per year. Bismuth containing tungsten is produced mainly at P'ankushan in Anyuen. The proportion obtained from this region is said to be one ton of bismuth from every 30 tons of tungsten ore.

The reserves of tin and bismuth in Shansi are given as follows:

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| | <u>Tin</u> | | <u>Bismuth</u> |
|----------|---------------------|-----------|-------------------|
| Tayu | 122,800 metric tons | Anyuen | 2,700 metric tons |
| Ch'ung | 41,200 " | Shangyu | 1,200 " |
| Nank'ang | 22,400 " | Yutu | 1,175 " |
| Shangyu | 12,000 " | Huich'ang | 405 " |
| Kanhsien | 8,000 " | Others | 2,000 " |
| Totals | 204,400 metric tons | | 7,600 metric tons |

Molybdenum is found in almost all the tungsten mines in Kiangsi, but Tayu, Nank'ang and Kanhsien have the most. There is very little record of the molybdenum of this province, the ore as sampled by Kanhsien is said to contain more than 50.3% of pure molybdenum. As to its quantity, some 3-7 metric tons are said to be mined annually.

IV. - Other Metallic Ores.

1. Placer gold is widely distributed in Kiangsi, especially in Lop'ing, Nank'ang and Hsiushui. Despite repeated detailed explorations, no large placer gold mines have been discovered. In future, appropriate machinery should be employed in exploring the deposits in river beds. According to the local report, March 22, 1948, Kanch'uen, Ich'uan, Lop'ing, Hsiushui and Juichin are important gold producing districts with a total reserve of 5,000,000 ounces.

2. Silver, Lead and Zinc: More than 20 districts are known to have been producing these minerals which may be classified into the following groups: 1/ galena containing silver, found at Yinshan in Tehsing, Yink'eng in Yutu and Lengshan in Shangkiao, exploited in the past for silver. Any of the mines have been abandoned to-day, and the economic value is unknown. 2/ Lead and zinc ores containing no silver, found at Huangti in Anyuen. Preliminary exploration has shown that they would be worth exploiting.

3. Barite is produced at Tungshan and Ta'ingchashan in Linch'uan. There are five known zones, all in granite rocks and quartz of the Devonian Period. The longest outcrop of these zones is 500 metres while the widest is more than 3 metres. Containing few foreign elements, the deposit is around 1,279,600 metric tons. An analysis of the sample shows the following:

| | |
|--|--------|
| Reduction in quantity after combustion | 0.12% |
| Al ₂ O ₃ | 0.10% |
| SiO ₂ | 2.44% |
| Fe ₂ O ₃ | 0.004% |
| AlO | 0.10% |
| BaO | 63.04% |
| H ₂ O | 0.49% |
| SO ₃ | 33.59% |

Since barite is widely used in chemical industries, mining should be taken up in Kiangsi.

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Copper is found in the following districts:

i/ Lunghsia in Annhsien, producing native copper and chalcocite. The former is pure in quality but only a small amount is available. No rich ores of chalcocite have been found.

ii/ Hsialung in Tayu, producing chalcopryite which is found in the quartzite layer with tungsten. The reserve of pure copper is about 8,537 tons. At present, copper is a by-product of tungsten and tin ores.

iii/ Aunchiach'iao in Fengtse, producing chalcocite, malachite and azurite which are found in the sandstones. They are good in quality but the amount of the reserves is unknown.

(End)

NOTE: "Articles and reports. . ." continued.

- "Wolfram newly discovered in S. Kiangsi", the National Journal of Commerce, October, 1947.
- "Tungsten output at the Nanfeng Mines", Chung Yang Jih Pao (Shanghai Edition), November 6, 1947.
- "Rich tin reserve in Kiangsi", Shung Pao, December 23, 1947.
- "Wolfram Mines in S. Kiangsi" by Siao Shen, Scientific China Monthly, Jan. 1948.
- "Exploitation of tungsten at Wukunshan", Ta Kung Pao (Shanghai Edition), March 21, 1948.
- "Production of wolfram in S. Kiangsi for 1947", Chin Yung Jih Pao, April 5, 1948.
- "Kiangsi wolfram" by Liu Shan-ch'ou, Economic Development Quarterly, No.V, April 1948.
- "A plan for the development of mining in Kiangsi" by Hsia Hsiang-yung, Hsiung Kung-hsiang, Yen K'uen-yuen and Chang Jen-ch'uan, Economic Development Quarterly, No.V, April 1948.
- "Exploitation of tungsten in Kiangsi", China Industrial Development, May 1948.
- "Tungsten mining under the joint operation of the National Resources Commission and the Kiangsi Provincial Government", Sin Wen Pao, May 19, 1948.

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Supplementary Methods for the Investigation
and Collection of the Income Tax on Profit-
seeking Enterprises in the Thirty-seventh
Year of the Chinese Republic (1948)

Annex No.: LXIII

Annexes concerned:
Nos. L, LIII & LXI

Promulgated by the Ministry of Finance
on the 21st of September 1948;

Number of pages: 5

Published in the Ta Kung Pao (Shanghai),
Sept. 26th 1948.

Remarks: Translated
by our Legal
Department.

SUPPLEMENTARY METHODS FOR THE INVESTIGATION AND
COLLECTION OF THE INCOME TAX ON PROFIT-SEEKING ENTERPRISES
IN THE THIRTY-SEVENTH YEAR OF THE CHINESE REPUBLIC
(1948)

Article 1.

These Methods ¹⁾ are laid down in accordance with
the provisions of Section I. Paragraph A. Item 4 of the "Supple-
mentary Measures for the Readjustment of Finance" ²⁾ promulgated
by Presidential Decree on the twenty-sixth day of August in the
thirty-seventh year (of the Chinese Republic).

Article 2.

From the thirty-seventh year (of the Chinese
Republic), all profit-seeking enterprises, whether owned by the
government or privately, shall settle their accounts and figure
out their income amount separately for the first and the second
half of each year. For the thirty-seventh year, they shall,
before the end of September of the year and before the end of
February of the following year respectively, submit a return on
the amount of their income to the local competent collecting office,
according to the form prescribed.

Article 3.

The income tax on profit-seeking enterprises in
the thirty-seventh year shall be divided into two parts: the First
Part shall be the tax payable in the first half of this year,

EDITOR'S NOTES: 1) The former Methods for the Investigation and
Collection of the Income Tax on Profit-seeking
Enterprises in the Thirty-seventh Year of the
Chinese Republic (cf. Monthly Bulletin No. XV -
Feb. 1948 - Annex XLII) were abrogated by the
Executive Yuan just before the promulgation
of the new Supplementary Methods.

2) See Monthly Bulletin No. XX - Aug. - Sept. 1948 - Annex LXI.

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which is assessed on the basis of the tax amount paid in the thirty-sixth year (1947); and the Second Part shall be the amount of tax levied according to the income derived from the operation of the profit-seeking enterprise in the first half of the thirty-seventh year, but shall be paid in the second half of the same year.

Article 4.

The first and second parts of the income tax on profit-seeking enterprises payable in the thirty-seventh year (of the Chinese Republic), shall be collected according to the following provisions:

1) If the first part of the tax has not been paid in full according to the amount assessed, a fine shall be imposed according to the law, and the deficit shall be paid.

2) When the return on income has been submitted within the time limit, the competent collecting office shall audit the accounts to check on the income amount reported, assess the second part of the tax and then issue a notification of the payment to be made within a prescribed time.

3) Where the return on income obtained during the first half of the year has not been submitted within the time limit, the competent collecting office shall assess the amount of tax payable according to the provisions of Articles 5 and 6 of these Methods.

4) Those who have paid the first part of the tax for the thirty-seventh year, and who also make full payment of the second part of the tax as assessed, within the time limit, shall be exempted from the auditing of their accounts as well as from paying any amount of tax still remaining due on the income of the thirty-sixth year after the estimated amount of tax on it had already been paid.

5) If accounts have been audited for the first part of the tax in the thirty-seventh year and the amount of tax deficient has already been paid, this supplementary amount may be credited towards the payment of the second part of the tax in the same year.

6) Taxpayers who are dissatisfied with the assessment of the first part of the tax for this year, but who have already made payment thereof within the prescribed time limit, shall, at latest before the end of September, apply to the local competent collecting office to reassess the tax amount after auditing the accounts, and to refund any amount paid in excess or order any deficit to be made up according to the law. But this shall apply only to those who possess a complete set of account books as prescribed in Articles 13 and 14 of the Income Tax Law 1).

Article 5.

In principle, the second part of the income tax payable by profit-seeking enterprises in the thirty-seventh year (of the Chinese Republic), shall be estimated according to the standard fixed for their respective types of business. The competent collecting office shall, after considering the nature of

EDITOR'S NOTE: 1) The Income Tax Law was revised and promulgated by the National Government on the 1st of April 1943 (see Monthly Bulletin Nos. XVII - April 1943 & XVIII - May 1943, Annexes I & II).

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their business, classify in their appropriate categories all trades which have no guild organization and firms which have not entered any guild.

All commercial and industrial guilds shall, before the sixteenth day of October, prepare a report setting forth the names and addresses of their members, the full names of the persons responsible, the amount of their half-yearly sales or the approximate amount of their half-yearly business receipts; in the case of banking or trust businesses or company organizations registered with the Ministry of Economics; their actual amount of capital shall also be mentioned in the report. In addition, the guild shall prepare a register using a system of marks to indicate the business conditions of each taxpayer engaged in the type of business concerned. These reports and registers shall be submitted to the local competent collecting office to be rechecked.

The system of marks mentioned above shall be decided upon by a meeting of Directors and Supervisors convened by the guild concerned.

If any guild fails to prepare and submit a register of the marks for its various members, the competent collecting office may make estimates based on either direct or indirect investigation, and on consideration of the nature of the enterprise or the conditions of businesses of similar type.

Article 6.

The competent collecting office, on the basis of the above reports and registers submitted by the guilds, and also according to the various data it has itself collected, shall estimate the amount of income received by the taxpayers from each type of business during the first half of the thirty-seventh year (of the Chinese Republic) and assess the amount payable as the second part of the tax for the thirty-seventh year.

(The various data to be collected by the competent collecting office:-)

- 1) Relation between the prices of the principal goods of each kind of business in January of the thirty-seventh year, which is taken as the basic period, and the times of their increase during the half year;
- 2) Data concerning imports and exports published by the Customs House and import-export control organs;
- 3) Official and non-official statistics and data concerning the conditions of the operation of various businesses, compiled by institutes of economic research and information services;
- 4) Data concerning the production and sales of various goods subject to the commodity tax;
- 5) Opinions concerning general business conditions and commodity prices, expressed by scholars, experts and persons playing a leading role in industrial and commercial circles.

Article 7.

Taxpayers shall, within fifteen days after receiving the Notice of Payment, pay in full the amount of tax assessed by the competent collecting office in accordance with the Methods

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provided in the preceding Article. Any failure to make the payment within the time limit shall be punished in conformity with Article 156 of the Income Tax Law.

Article 8.

The amount of tax assessed by the competent collecting office according to Articles 5 and 6 of these Methods, shall be regarded as equivalent to the amount of tax payable assessed after investigation as provided in the Income Tax Law.

If a taxpayer is not satisfied with the above assessment of the amount of tax payable, he shall after making full payment of the assessed amount of tax and within twenty days after the expiration of time limit for tax payment, file a written application to the local competent collecting office, requesting a re-investigation of the case. No such request shall be accepted if the tax has not yet been paid in full or if the application is not made within the given time limit.

Article 9.

In the case of public enterprises undertaken by Government institutions, profit-seeking enterprises jointly operated by the Government and private interests and companies which have not joined their guild, the assessment of the second part of the income tax on profit-seeking enterprises for which they are liable in the thirty-seventh year (of the Chinese Republic), shall still be based on the auditing of their accounts.

Article 10.

Where the tax amount to be paid by a particular type of business cannot be assessed as provided in Article 6 of these Methods, application may be made to the competent collecting office to approve an investigation by random sampling of the account books of not less than five per cent of the commercial firms engaged in the business concerned, the results of this investigation to be taken as reference for determining the standard amount of sales (amount of revenue ¹⁾ ²⁾, the standard rate of expenses to sales (rate of expenses to revenue ²⁾, and the standard rate of net profit on sales (net profit ²⁾. the data found in the guild members' register mentioned above are also to be considered when fixing the standard for assessing the tax.

Article 11.

The investigation by random sampling, of the account books of the commercial firms engaged in each type of business, shall be decided by lot. Those firms on which the lots have fallen, shall, within a given time limit, bring all their accounting books, certificates and report forms to the competent collecting office for auditing and for the tax to be assessed. If any such firm fails to submit its accounts for auditing within the prescribed time, the amount of its income as well as that of its tax payable

 EDITOR'S NOTES: 1) For convenience of distinction we have used the word income whenever the reference is to the taxable income (in Chinese: So Te), and the word revenue in a more general sense to include any type of income (in Chinese: Shou I).

2) Actually so bracketed in the original text of the Methods.

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shall be directly determined and the case sent up for punishment; another firm shall be chosen by drawing lots.

Where the firms of a particular type of business keep no account books or their account books and certificates are either incomplete or inadequate so that no investigation by random sampling is practicable, the various standard rates or ratios for computing the tax shall be worked out by considering the operating conditions of the business concerned during the first half of this year and by referring to businesses of similar type.

The standard for assessing the tax on any accessory business undertaken by a profit-seeking enterprise may be worked out by taking into consideration the operating conditions of that accessory business during the first half of this year and also by referring to those of the principal business.

Article 12.

These Methods shall come into force on the day of promulgation.

(End)

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Regulations Governing the Readjustment
of the Capital of Private Banks

Annex No.: LXIV

Proulgated by the Executive Yuan
on the 6th of September 1948,

Number of pages: 6

Published in the Lin Hsin Monthly
review (Lin Hsin Yueh K'an),
Sept. 15th 1948.

Remarks: See P. 5 for
an important appendix
concerning the in-
crease of capital of
foreign banks

REGULATIONS GOVERNING THE READJUSTMENT
OF THE CAPITAL OF PRIVATE BANKS

Article 1.

These Regulations are laid down in conformity with
the provisions of Article 30 of the Regulations governing the Re-
adjustment of Finance and the Strengthening of Economic Control
forming part of the Financial and Economic Emergency Measures (2).

EDITOR'S NOTES: 1) See Annex No. LXV for an official explana-
tion of these Regulations, issued by the
Ministry of Finance on the 12th of October 1948,
and also Annex No. LXVI for the Procedure for the
Readjustment of the Capital of Private Banks
released by the Ministry of Finance on the 21st
of September 1948.

2) These measures were promulgated by Presidential
Decree on the 10th of August 1948.
Article 30 of the Regulations Governing the
Readjustment of Finance and the Strengthening
of Economic Control reads as follows:
"The Ministry of Finance shall, by reference
to the provisions of the present Banking Law with
regard to the minimum capital of banks, revise
the requirement concerning the minimum amount
of capital of banks, native banks and trust com-
panies in the various areas, and upon approval
of its recommendations by the Executive Yuan, it
shall order the banks concerned to increase their
capital up to the required minimum amounts within
two months. The increase of capital shall con-
sist of not less than 50 percent in cash. Any
bank unable to effect the required increase in
capital within the prescribed period shall be
ordered to suspend business and be liquidated
within a fixed period".

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Article 2.

The original capital of all private banks, including modern banks (Yin Hang), native banks (Ch'ien Chuang), and trust companies, whose establishment had been approved by the Ministry of Finance, shall be converted into Gold Yuan Notes. If the capital after the conversion is less than the minimum amount prescribed in Article 3 of these regulations, an increase thereof up to the prescribed standard shall be had within two months after the promulgation of these regulations.

Article 3.

The minimum paid-up capital for private banks shall be fixed as follows:

- I. The minimum amount of capital for commercial, industrial and savings banks and trust companies shall be as follows:
 1. \$500,000 for Stock Companies Limited and other Limited Companies and \$250,000 for Unlimited Companies, Unlimited Companies with Limited Liability and Joint Stock Companies, in the three municipalities of Shanghai, Tientsin and Canton;
 2. \$300,000 for Stock Companies Limited and other Limited Companies and \$150,000 for Unlimited Companies and Joint Stock Companies, in the nine municipalities of Hankow, Peiping, Hankow, Tientsin, Chungking, Mukden, Sian, Kiating and Chengtu;
 3. \$200,000 for Stock Companies Limited and other Limited Companies and \$100,000 for Unlimited Companies, Unlimited Companies with Limited Liability and Joint Stock Companies, in the forty-five municipalities or districts of Huhsi, Szechow, Chekiang, Chiang-chow, Chiangshu, Huachow, Yangchow (Kiangsu); Hangchow, Ningpo, Shaoching, Ningchow, Hsiao-chuan, Yangchow (Chekiang); Peking, Jehu (Jehwei); Nanchang, Kiating (Kiangsu); Szechow, Kwei (Kuei); Chungshan, Kwei (Kuei); Sunwei, Shiehing, Tientsin, Kwatow (Kwangtung); Kwei-lin, Kueichow (Kwangsi); Changsha, Hengyang (Hunan); Wuhan, Shashi, Ichang (Szechuan); Heikiang, Ipoh; Wansien, Lunsien, Loshan, Tsukung 2 (Szechuan); Aweiyang (Aweichow); Tainan (Kwantung); Kailien, Chengchow (Honan); Taiyuan (Shansi); Lanchow (Shensi) and Paoi (Shensi).
 4. \$100,000 for Stock Companies Limited and other Limited Companies and \$50,000 for Unlimited Companies, Unlimited Companies with Limited Liability and Joint Stock Companies, in all other places throughout the country, (i.e.) apart from the municipalities and districts already listed under items 1, 2 and 3.
- II. The minimum amount of capital for native banks shall be one half of the standard prescribed in the preceding paragraphs.

EDITOR'S NOTES: 1) The Chinese term for Private Banks is "Shang Ying Yin Hang", literally meaning: Banks operated by Merchants, as distinguished from Government, Provincial and Municipal banks.

2) Including Tientsin and Kungtsing.

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III. If a commercial, industrial or native bank establishes a trust or savings department it shall increase its standard capital amount as provided above by one half for each department so opened. If branch or sub-branch banks or offices are erected in a different municipality or district, an increase of the capital by one tenth shall be made for each of them, but if the general managing office or the general bank is located in a region where a smaller amount of capital is prescribed while the branch is established in a region where a larger amount of capital is required, the increase shall be one tenth of the capital amount required in the locality of the branch.

Article 4.

When readjusting their capital according to these Regulations banks may reevaluate their own assets and use any appreciation in the value to make up any deficiency. The whole of this appreciated value shall be converted into capital and divided among the shareholders in the same ratio as the original capital. It shall not be distributed in cash.

Article 5.

The total amount of the appreciated value of the assets mentioned above shall not exceed fifty per cent of the total amount of capital increase required. The remaining amount of the increase shall be paid in cash by the original shareholders proportionally. If any of them are not willing to make such additional payment, the provisions of the Company Law 1) shall be applied.

After the increase of capital has been effected, that part of the increased amount which is in cash shall be deposited for three months with the Central Bank or a bank commissioned by it. It may be used for any proper purpose, with permission from the competent office under the Ministry of Finance. The Regulations governing this shall be separately laid down by the Ministry of Finance. 2)

If any falsification has been made concerning the cash part of the increased capital, as mentioned in the preceding paragraph, the Ministry of Finance shall, after investigation of the case, cancel the business licence of the bank in question.

Article 6.

Banks shall not reevaluate other assets than the ones cited below, and the revaluation shall be effected in conformity with the following standards.

- 1) Securities shall not be counted at more than seventy per cent of their current value.
- 2) The revaluation of investments in productive enterprises shall also be made as provided in the preceding item. But, after their value has appreciated, the amount invested in each company

EDITOR'S NOTES: 1) The Company Law was promulgated by the National Government on the 12th of April 1946.

2) These regulations were promulgated on the 6th of October 1946. See Annex No. LXVII.

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and the total investments of the bank shall not surpass the amounts provided in Articles 53, 54 and 74 of the Banking Law (1).

3) Houses and land used in business:

- a. The value of houses purchased or constructed before the end of the twenty-sixth year of the Chinese Republic (1937) shall be the balance of their original purchasing price or cost of construction after deducting for depreciation.
- b. If the houses were purchased or constructed in or after the twenty-seventh year of the Chinese Republic (1938), their value shall first be computed in terms of Papi according to the formula below and then converted into Gold Yuan.

(Original purchasing price or cost of construction - depreciation) X index number of
index number of

wholesale commodity prices throughout the country for the year of purchase or construction
throughout the country for the year of purchase or construction

EDITOR'S NOTE: 1) The Banking Law was promulgated by the State Council on August 29th 1947 (cf. Monthly Bulletin No. VIII - May 1947 - Annex XV and Monthly Bulletin No. IX - June 1947 - Annex X).

The texts of the 3 Articles mentioned run as follows:

"Article 53. If a commercial bank purchases certificates of shares of limited liability of companies for productive enterprises, public utilities or communications, the purchasing value of the share certificates of each company shall not exceed two per cent of the total amount of the deposits, and the aggregate purchasing value shall not surpass twenty per cent of the total amount of the deposits."

"Article 53. If an industrial bank purchases certificates of shares of limited liability of companies for agricultural, industrial, mining or other productive enterprises, public utilities or communications, the purchasing value of the share certificates of each company shall not exceed four per cent of the total amount of the deposits, and the aggregate purchasing value shall not surpass forty per cent of the total amount of the deposits."

"Article 74. If a savings bank purchases certificates of shares of limited liability of companies for agricultural, industrial, mining or other productive enterprises, public utilities or communications, the purchasing value of the share certificates of each company shall not exceed two per cent of the total amount of the deposits, and the aggregate purchasing value shall not exceed twenty-five per cent of the total amount of the deposits."

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- c. The revaluation of land shall be based on the value as estimated by the land administration of the place where it is located.
- 4) Furniture used in business shall be dealt with according to the provisions concerning houses under the preceding item.

Article 7. When banks readjust their capital in conformity with these Regulations, the appreciated value of their assets need not be counted among profit and loss items.

Article 8. When banks readjust their capital in conformity with these Regulations, the Supervisors' Committee or, in unlimited companies the shareholders in charge of business operations, shall draw up a detailed plan, present it to the Shareholders' Meeting for a resolution to be passed according to the law on the readjustment of capital and submit it to the Ministry of Finance for approval. The registration shall then be changed accordingly.

Article 9. Any bank which is unable to readjust its capital in conformity with these Regulations, may merge with several others and effect a reorganization. But the number of branches and sub-branch offices after the reorganization shall not exceed the maximum number of offices of any one of the banks before the reorganization.

Article 10. If any bank fails to increase its capital within the given time limit to the amount prescribed by these Regulations, the Ministry of Finance shall order it to cease operation and to liquidate within a given period, and shall also cancel its business registration.

Article 11. These regulations shall come into force on the day of promulgation.

APPENDIX

ON SUPPLEMENTARY POINTS CONCERNING THE INCREASE OF CAPITAL OF FOREIGN BANKS

According to the Chin Yung Jih Pao (Shanghai), of October 6th 1948, the Financial Control Bureau in Shanghai has recently received the following instruction from the Ministry of Finance concerning the increase of capital of Foreign Banks:

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"In view of the fact that none of the head offices of foreign banks in China are located in this country, the provision concerning the minimum capital actually paid up for private banks, in Article 3 of the Regulations Governing the Adjustment of the Capital of Private Banks, shall apply to the foreign banks according to the standards prescribed for the place where their representative bank, as originally recognized by the Ministry of Finance, is located.

"If branches or sub-branches have been erected in different municipalities or districts, an additional increase of the capital by one tenth shall be necessary for each of them.

"Foreign banks may, however, be exempted from convening a Shareholders' Meeting for discussing the increase of capital as laid down in Article 2 of the Procedure for the Adjustment of the Capital of Private Banks. But, an application for such an exemption must be filed by the representative, the manager of the representative bank in China or the agent designated by the principal bank, in virtue of Article 355 of the Company Law.

"All other provisions shall apply to foreign banks.

(End)

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Explanation of the "regulations
governing the readjustment of
the Capital of Private Banks".

Annex No.: LXV

Annex concerned No. LXVI

Pronounced by the Ministry of
Finance on the 12th of October 1948;

Number of pages: 5

Published in the Shen Pau (Shanghai),
October 13th, 1948.

Remarks: Translated by
our Legal Department

EXPLANATION OF THE "REGULATIONS
GOVERNING THE READJUSTMENT OF
THE CAPITAL OF PRIVATE BANKS"

Article 1 & 2. No explanation.

Article 3. Explanation:

- 1) The minimum amount of capital prescribed for modern and native banks in each place shall apply to all banks throughout the same district, whether they are located inside the district city or in a village or market-town.
- 2) If a banking department has been established by a trust company, the amount of the latter's capital shall be governed by the same provision as for that of a bank in which a trust department has been set up.
- 3) If more than one branch or sub-branches has been established within the same municipality or district, no increase of the capital by one tenth shall be necessary for the extra branches or sub-branches.
- 4) If the operating capital of the trust or savings department of a branch or sub-branch bank, has been appropriated from the trust or savings department of the principal bank, then no increase of capital shall be necessary.

Article 4. Explanation:

- 1) If improvements, reconstruction or repairs have increased the original value or efficiency of assets the price paid for which was originally entered under the items of furniture for business use or houses and land for business use; a revaluation may be made and items of this kind may be combined and set down under

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the heading of appreciated assets. But it shall not be set aside if it has already been entered under profit and loss.

- 2) If after the assets have been appraised, there is a surplus over and above half the amount by which the capital is to be increased, it may be used as reserve but may not be distributed.

Article 5. Explanation :

- 1) The "total amount of capital increase required", as mentioned in this Article, means the new amount of capital fixed by a resolution of the shareholders' meeting, which may exceed, but shall not be less than, the prescribed standard. If the shareholders' meeting has decided to increase the capital only to the minimum standard, the "total amount of capital increase required" will refer to this minimum. If the shareholders' meeting has taken a resolution to increase the capital to more than the prescribed standard, then the reference will be to the amount of capital increase fixed by the resolution. For instance, the shareholders have determined to raise the capital to GY\$2,000,000:
 - a. If the value of the original assets have been increased to GY\$1,000,000, the shareholders shall still pay GY\$1,000,000 in cash.
 - b. If the original assets have been revaluated at GY\$300,000, the shareholders shall make a supplementary payment in cash of GY\$1,700,000.
 - c. If the value of the original assets have been increased to GY\$1,200,000, the shareholders will still have to pay GY\$1,000,000 in cash. The amount of GY\$200,000 in excess shall be set aside as reserve, but cannot be distributed.
- 2) The shareholders shall not substitute properties for cash in paying their shares in the increased capital.
- 3) Each modern or native bank shall deposit with the Central Bank, the cash part of its newly increased capital; at the end of three months the money shall be refunded. In places where no Central Bank has been erected, the deposits of cash shall be managed by the Ministry, in consultation with the Central Bank.
- 4) If the appreciated value of the assets has not reached one half of the amount of capital increase required, cash to the amount of the part deficient shall also be deposited with the Central Bank.
- 5) If the readjusted capital of a modern or native bank exceeds the standard amount of capital and the part in excess also corresponds to the amount of capital increase required for the establishment of branches or sub-branches, no further increase of capital will be necessary in the future when erecting branches or sub-branches up to the given extent, after approval has been secured according to the regulations.

Article 5. Explanation :

- 1) The four kinds of "assets of a bank which can be re-valuated" as mentioned in this Article, refer to those owned by the bank itself, as a legal entity, and not to those owned individually by the shareholders. They must further have been among those listed on the statement of assets and liabilities on the 19th of August of the 37th year (1948). No assets added to the statement after that date can be subject to revaluation.
- 2) Among the four kinds of assets whose value can be re-estimated by a trust company or the trust department of a bank, trust assets shall be limited to those only which are owned by the legal entity itself.
- 3) Except where the Government has fixed a rate of conversion into Gold Yuan which must be taken as a basis of valuation, securities and investments in productive enterprises shall be evaluated on their current price, which shall be taken as the latest price in the open market on Aug. 19th.
- 4) When the valuation of securities or investments in productive enterprises is reported, it shall be checked up with the daily trial balance for the day the investment was made.
- 5) The "securities" mentioned in this Article include company debentures, Government bonds and Treasury Notes. If these securities have no fixed price or open market price, their current value shall be computed according to the following formula :

Current value in terms of Gold Yuan = Original
purchasing price X

$$\frac{\text{Index number of wholesale commodity prices throughout the country for the 1st half of August of the 37th year (1948)}}{\text{Index number of wholesale commodity prices throughout the country for the year of purchase}} \times \frac{1}{3,000,000}$$
- 6) The expression "investments in productive enterprises", as used in this Article, refers to company shares. Again, the provision "after the value of the investments in productive enterprises has appreciated, the amount in each company and the total amount of investments of the banks shall not surpass the amounts provided in Articles 53, 63 and 74 of the Banking Law" means that the Bank may not exceed these provisions either when buying in or when readjusting its capital. If the share certificates representing the investments have no current value, this shall be computed according to the method for calculating the current value of securities as provided in paragraph 5; above.
- 7) When reporting increase of the value of houses or land holdings, the area, location, construction material, and number of storeys shall be clearly stated; to facilitate inspection this report together with the

original contract or other cogent evidence of purchase and the account books shall be submitted to the local Central Bank or a bank commissioned by it. In case of necessity, an order may be issued for the same documents to be sent to the Ministry of Finance for examination.

- 8) If no other appropriate method has been adopted for computing depreciation of houses or furniture used in business, the following formula may be used :

$$\text{annual depreciation} = \frac{\text{Original value} - \text{residual value}}{\text{years of use}}$$

- 9) If suitable standards exist, the years of duration of houses & furniture shall be based on the following table :

| <u>Kind (of assets)</u> | <u>Structure</u> | <u>Years of duration</u> |
|-------------------------|---|--------------------------|
| Buildings | Construction with steel or iron framework | 50 years |
| | Construction with reinforced concrete framework | 40 " |
| | Heavy construction with brick or stone wall | 20 " |
| | Heavy construction with wooden logs | 10 " |
| | Heavy construction with earth wall | 5 " |
| Furniture | Made of iron | 20 " |
| | Made of wood | 5 " |

- 10) If the years of duration for any house or furniture have expired, and according to the depreciation there remains a residual value to be estimated, this estimated value shall not exceed 1/20th of the original value.
- 11) If the local land administration has not estimated the value of a land holding, its valuation shall be made, according to the method for evaluating securities as provided in paragraph 5) above.

Article 7. Explanation :

See explanation in Paragraph 2) under Article 4.

Article 8. Explanation :

- 1) When private banks readjust their capital, they may reduce the number of their original departments such as savings or trust departments and branch or sub-branch banks or offices; but they shall not add to them.
- 2) While modern or native banks are readjusting their capital, their original principal banks, general managing offices and the branches or sub-branches which are to be maintained, shall not change their location.

- 3) While readjusting capital, no modern or native bank shall change its organisation from a limited company or stock company limited to an unlimited company, unlimited company with limited liability or joint stock company. But an unlimited company, unlimited company with limited liability or joint stock company is allowed to be reorganised as a limited company or stock company-limited.
- 4) When readjusting its capital, a bank whose original name was "Yin Hao"¹⁾ shall change it into "Ch'ien Chuang"²⁾. If the capital of a native bank complies with the standard for a modern bank, its title may be changed into "Yin Hang" (modern bank). But no modern bank can name itself "Ch'ien Chuang" (native bank). Trust companies may also be reorganised into modern banks, but shall not be changed into native banks.

Article 9. Explanation :

- 1) When two or more modern or native banks merge and reorganise, the name of the newly reorganised modern or native bank shall be the original name of one of the banks; the number of branch or sub-branch banks, offices of the new bank shall be restricted to the original number of branches and sub-branches of the bank. But they may be located in any of the places where branches or sub-branches of the original banks existed before the merger.
- 2) When a "modern bank" and a "native bank" merge they may become either a "modern bank" or a "native bank"; when a "native bank" and a "trust company" merge, they may become a "modern bank", a "trust company", or a "native bank"; when a "trust company" and a "modern bank" merge they may become either a "modern bank" or a "trust company". But if a "modern bank", and a "native bank", or a "trust company" and a "native bank", are to become a "native bank" after their merger, none of the original branches or sub-branches of the "modern bank" or "trust company" shall continue to exist.

Articles 10 and 11. No explanation.

(End)

EDITOR'S NOTES: 1) Literally "Silver Shop".

2) Literally "Money Shop", a term officially adopted for Native Banks.

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U N I V E R S I T E L ' A U R O N E

- S h a n g h a i -

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Order of Procedure for the Readjustment of the Capital of Private Banks

Published by the Ministry of Finance on the 21st of September 1948;

In the Central Bank Weekly
(Chin Yung Chou Pao),
Oct. 13, 1948.

Annex No.: LXVI

Annex concerned: No. LXV

Number of pages: 4

Remarks: See appendix on p. 2 ff for Price Indices for the Revaluation of Assets.

ORDER OF PROCEDURE FOR THE READJUSTMENT OF THE CAPITAL OF PRIVATE BANKS

1. Each modern or native bank shall complete the process of re-adjustment of its capital within two months beginning from the sixth day of September of the thirty-seventh year (1948), i.e. the day of promulgation by the Government of the "Regulations governing the Readjustment of the Capital of Private Banks".
2. Each modern or native bank shall convene a Shareholders' Meeting to discuss methods for the increase of its capital, in conformity with the provisions of Articles 41, 114, 240, 247, 251, 253, 255 and 256 and other articles relevant to the increase of capital, in the Company Law. The valuation of their original assets shall be carried out in accordance with the Regulations governing the Readjustment of Capital.
3. If the original amount of capital of a modern or native bank has already been examined according to provision, it may be converted into Gold Yuan and regarded as a part of the readjusted capital without being subject to a new examination.
4. The Shareholders' Meeting, after passing the methods for the increase of capital, shall at once call in a sufficient new increase of capital, and fill in for submission five copies of the "Report Form for the Increase of Capital of Private Banks" (model form appended below). Two copies, together with the documents and fees to be prepared when increasing capital, are to be submitted for consideration by the Ministry of Finance; two copies, together with the cash part of the capital increase, shall be sent to the local Central Bank or a bank commissioned by it, for examination and the remaining copy shall be filed by the bank itself.

EDITOR'S NOTE: 1) for their translation, see Annex LXIV.

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5. If, after receiving the report form mentioned in the last paragraph, the Ministry of Finance finds that the report corresponds to the provisions, it shall send one of the original copies of the report form to the local Central Bank or the bank commissioned by it, requesting it to check up whether the amount of capital is correct, to examine whether each item of the asset is actually owned and to test if the valuation is accurate.
6. The local Central Bank or a bank commissioned by it, having verified the actual facts of the assets and capital to be correct and free from any intent to deceive, after the modern or native bank which made the original application has issued an undertaking (model form appended below), shall at once issue a certificate of the examination of capital. It shall also send one copy of the original report form, countersigned and stamped by the chief examining officials, together with the undertaking and a statement of assets and liabilities, to be dealt with by the Ministry. After three full months have elapsed the cash deposited as increase of capital shall be returned to the modern or native bank which originally deposited it.
7. When the Ministry of Finance has received from the Central Bank, or a bank commissioned by it, the report form and other papers on the examination of capital and has found them to be correct, it shall permit the change of registration to be made.

APPENDED FORMS AND PRICE INDICES

A. Form for the Report on the Readjustment of the Capital of Private Banks

Filled in on the...(day)....(Month)
of the 37th Year (1948)

- 1) Name of the modern or native bank.
- 2) Type of company organisation
- 3) Date when the business registration was approved (year & month)
- 4) Address of the general bank or general managing office
- 5) Any trust or savings departments established
- 6) Any branches or sub-branches established, their names & addresses
- 7) The earliest registered total amount of capital
- 8) Total amount of capital in Fapi before the readjustment.....
Divided into.....shares;
Amount of each share.....
- 9) Amount of capital in Gold Yuan actually paid up after the readjustment
- 10) The amount of capital increase in Gold Yuan required
- 11) The part consisting of the appreciated value of the original assets.

| | Original value | Re-estimated value | Appreciated value |
|--|----------------|--------------------|-------------------|
| a. Securities | | | |
| b. Investments in productive enterprises | | | |
| c. Land & houses used in business | | | |
| d. Furniture used in business | | | |
| TOTAL | | | |

- a. Securities
- b. Investments in productive enterprises
- c. Land & houses used in business
- d. Furniture used in business

TOTAL

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product tax. But the Ministry of Finance may according to the conditions of production and marketing decide upon the different rates for the levy.

Merchants engaged in producing or processing the minerals mentioned above shall register with the respective competent commodity tax office. No registration shall be granted to any person who fails to submit for examination the Permit for Mining Exploitation issued by the Ministry of Economics.

Article 4.

The different classes of mineral products and their rates of taxation shall be as follows.

- Class I. Three per cent ad valorem on Iron, Steel, Coal and Mineral Oil;
- Class II. Five per cent ad valorem on Gypsum, Salt, Alum, Fire Clay, Soda, Copper and Tin.
- Class III. Ten per cent ad valorem on all other kinds of mineral products.

Article 5.

The taxable value of a mineral product shall be computed on the basis of its average wholesale price over three months on the markets near the producing region. But the Ministry of Finance may make an appropriate adjustment whenever the actual wholesale price on the market becomes higher or lower by one per cent than the average wholesale price on which the taxable value is computed.

- The above-mentioned average wholesale price covers:
 - (a) The taxable value of the mineral product,
 - (b) The original mineral product tax to be paid, - i.e. the amount payable at the tax rate applies to the taxable value,
 - (c) The expenses for transporting from the producing region to a nearby market; always fixed at ten per cent of the taxable value.

follows: 1) 2) The formula for computing the taxable value is as follows:

- EDITOR'S NOTES: 1) The formula as given in both the Weekly Review of Laws of Feb. 5, 1947 and the Financial Weekly of Feb. 19, 1947 runs as follows:
- "The assessed taxable value = average wholesale price on markets near the producing region X 100, divided by (100 + tax rate on the commodity concerned + expenses for transporting from the producing region to a nearby market, i.e. 10 or 5)." But, judging from the terms of the second paragraph of the same Article, it is evident that "or 5" is a printer's error and should be omitted.
- 2) According to the Supplementary Measures for the Readjustment of Finance promulgated by Presidential Decree on the 20th of August 1948, in collecting the mineral product tax, the taxable value shall always be the balance of the wholesale price on the markets on the 19th of August 1948 after deducting the actual amount of tax for the period in question. (cf. Monthly Bulletin No. XX - Aug.-Sept. 1948 - Annex No. LXII, p. 2)

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The assessed taxable value =
average wholesale price on market near the producing region X 100,
divided by (100 + tax rate on the commodity concerned + expenses
for transporting from the producing region to a nearby market,
i.e. 10)

In order to facilitate the levying of the tax, the
taxable values of the various mineral products may be assessed
according to a graded system.

Article 6.

The examination of the selling prices of each kind
of mineral product, the compilation of the index number for com-
modities and the estimation of taxable values shall be carried out
by the Appraisal Committee under the Bureau of Taxation; the method
shall be laid down by the Ministry of Finance.

Article 7.

When any mineral product for which the mineral pro-
duct tax has already been paid, is transported and sold in other
provinces, no local government is allowed to levy any further tax
thereon.

Article 8.

The Commodity Tax Bureau of each region shall station
officials in mines, factories and depots to collect the mineral
product tax. In special circumstances, the collecting officials
may be directly appointed by the Bureau of Taxation. If in practice
it is inconvenient to station officials in a mine, factory or depot,
the commodity tax office may, after investigation, determine the
average amount of production and collect the tax each month; or
the merchant shall, when transporting, apply to the first commodity
tax office which he reaches on his way, for the tax to be collected
according to the law.

Article 9.

When the mineral product tax has been collected, a
taxation receipt shall immediately be filled in and issued. If
(the mineral products) are contained in a package, a stamped per-
mit, adapted to the type of packing used, is also to be affixed.

Article 10.

If any merchant engaged in exploiting mines, in
processing or refining minerals or in marketing or transporting
them, commits one of the following offences, a *Fu Huan* fine not
exceeding five thousand dollars shall be imposed.

- 1) The transport and sale of mineral products without an accom-
panying taxation receipt even though the mineral product tax
has already been paid and the receipt secured;
- 2) The transport and sale of mineral products on which the
mineral product tax has already been paid, without reporting
for inspection when they are moved or removed or on arrival
at their destination;
- 3) The transport and sale of mineral products on which the
mineral product tax has already been paid, without applying
for a permit for break of bulk when breaking bulk or
changing destination;

EDITOR'S NOTE: 1) The term *Fu Huan* is used for a fine of a civil
character under civil law, or of a fiscal charac-
ter, imposed for breaches of taxation laws; in
both cases it is imposed for offences which do not
come under the penalties of the criminal law.

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- 4) The sale during transit of mineral products on which the mineral product tax has already been paid, without applying to the local commodity tax office for permission;
- 5) Refusal to accept inspection by the commodity tax office of mineral products for which the mineral products tax has already been paid.
- 6) Failure to register as prescribed.

Article 11.

If any merchant engaged in exploiting mines, in processing or refining minerals or in marketing or transporting them, commits one of the following offences, a Fa Huan fine shall be imposed, of not less than twice but not more than ten times the amount of tax evaded.

- 1) The transport and sale of mineral products on which the mineral product tax has not yet been paid;
- 2) Any attempt to evade taxation by use of a certificate which does not cover the mineral products concerned;
- 3) Any attempt to evade taxation by transporting and selling mineral products with a taxation receipt or permit for break of bulk which has been fraudulently altered;
- 4) Any attempt to evade taxation by transporting and selling mineral products with a used taxation receipt or a used permit for break of bulk, which has been fraudulently altered;
- 5) Any evasion of tax by declaring high-priced mineral products at a low price;
- 6) Any evasion of tax by mixing mineral products of high price with those of low price or with goods of other kinds.

Article 12.

If any merchant engaged in exploiting mines, in processing or refining minerals or in marketing or transporting them, commits one of the following offences, besides the infliction of a Fa Huan fine according to Article 11, the mineral products shall also be confiscated. Contraventions of the criminal law shall be punished according to that law: -

- 1) Repeated commission of any of the offences enumerated in the various items of Article 11; evasion of a tax amounting to more than five thousand dollars, or forcible resistance with intent to escape when discovered and arrested;
- 2) Forging a taxation receipt or permit for break of bulk, a resident tax-collector's chop or the seal of the commodity tax office; or evading taxation by using a forged receipt, permit or seal.

If a mineral product which ought to be confiscated according to any item of the preceding paragraph, has already been sold, its price shall be handed over.

Article 13.

The Fa Huan fines and confiscation provided for in the preceding three articles shall be enforced by court ruling.

An appeal may be filed within five days after service of the above-mentioned ruling. But no further appeal shall be made.

Article 14.

The Ministry of Finance shall, together with the Ministry of Economics, lay down rules governing the collection, distribution and inspection for the mineral product tax, and shall submit them to the Executive Yuan for confirmation.

Article 15.

These regulations shall come into force on the date of promulgation.

(End)

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U N I V E R S I T Y L I B R A R Y

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Rules governing the Collection
of the Mineral Product Tax

Annex No.: LXIX

Promulgated jointly by the Ministry of
Industry and Commerce and the Ministry
of Finance on the 9th of July 1948;

Annex Concerned: No. 111

Number of pages: 5

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Remarks: Translation by
our Legal Department

RULES GOVERNING THE COLLECTION
OF THE MINERAL PRODUCT TAX

Article 1. These Rules are laid down in conformity with the provisions of Article 14 of the Mineral Product Tax Regulations.

Article 2. Except where it is otherwise provided by laws or ordinances, all matters relating to the collection of the mineral product tax, or registration and inspection therefor shall be governed by these Rules.

Article 3. Merchants engaged in exploiting mines, in processing or refining, or in trading in or transporting minerals - hereafter mentioned as "merchants" - shall pay the mineral product tax according to the amount of tax per unit as published.

Article 4. Merchants engaged in producing or processing minerals shall every day fill in prescribed forms with the quantities of goods produced, processed, transported, sold and/or kept in stock, and shall then every ten days submit a report thereon to the local competent commodity tax office or to the tax officials stationed in the mine, factory or depot, who shall register after checking up.

The merchants shall assume the responsibility of filling in the above-mentioned forms and reports with true and correct figures. Whenever necessary, the commodity tax office or the tax officials stationed in the mine, factory or depot, may investigate and count the goods in stock, and check up with the account books, the merchants not being allowed to reject their authority.

EDITOR'S NOTE: 1) The Mineral Product Tax Regulations were promulgated by the National Government on the 15th of February 1947; for its full translation, see Annex No. LXVIII in this Bulletin.

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Article 5.

Where a small mine produces only small and irregular quantities of minerals, which are sold only in the same locality, the commodity tax office shall investigate and determine its average output and order it to pay the mineral product tax every month. In an iron mine, the tax shall be levied when the iron leaves the furnace, whereas on all other mineral products, the tax shall be levied when they are transported. The procedure for payment and collection shall be as follows:

- 1) Where the commodity tax office stations tax collectors in the mine, factory or depot, or the merchant is to apply to the local commodity tax office for collecting the tax, the merchant shall, when the iron is taken out from the furnace or other minerals are being transported, first fill in an application for Tax Payment and submit it to the local commodity tax office or the tax officials stationed in the mine, factory or depot who shall, after verification, issue a Notice of Payment. The merchant shall then make payment to the Treasury in accordance with the Public Treasury Law and present the receipt to the original office issuing the Notice of Payment, which shall release a Taxation Receipt. Where the affixing of a Stamped Permit is required by the Bureau of Taxation, the tax collectors shall further see that a permit form is affixed on the wrapping of the package bearing the office's stamp with the date also indicated. Then the minerals are allowed to be transported and sold.
- 2) Where the average amount of production is determined after investigation, by the commodity tax office and the tax to be paid monthly, the merchant shall compute the amount of tax payable at the current tax rate and according to the (afore-said) average amount of production, and, filling in an application for Tax Payment at the end of each month, apply to the local commodity tax office for a Notice of Payment to be issued after verification. The merchant shall then make the payment to the Treasury securing a receipt which he shall exchange against a Taxation Receipt at the original office issuing the Notice of Payment. In order to facilitate distinction, the commodity tax office shall, when filling in and issuing the Taxation Receipt, further affix a stamp thereon indicating that "The Tax being paid monthly, this Receipt cannot be used as a permit for transportation".

In remote mining regions where no local Public Treasury has yet been erected, the amounts of tax payable as mentioned in items 1 and 2 of the preceding paragraph shall be paid by the merchants to the commodity tax office.

Article 6.

Where it is necessary to process or reprocess already tax mineral products, the merchant shall report it to the competent commodity tax office or the tax officials stationed in the mine, factory or depot, submitting to them the goods and the Taxation Receipt or Permit for Break of Bulk originally secured, who, after verifying that the Receipt or Permit corresponds to the goods, shall affix on the Receipt or Permit a stamp of inspection as well as a stamp indicating "Back to the Factory for Reprocessing". When the goods leave the factory after the processing or reprocessing is completed, the same merchant shall submit the original stamped Receipt or Permit to the commodity tax office or the tax officials stationed in the mine, factory or depot, who shall, after examination,

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compute the supplementary amount of tax to be paid, by deducting the amount of tax originally paid from the amount payable for the processed or reprocessed goods, and shall also stamp the original receipt or permit as being "Cancelled", but maintaining it with the number of the (new) Taxation Receipt issued. If the reprocessed goods is contained in a package, (the tax officials) shall further see that a Certificate of Reprocessing is affixed on the surface of the package, to which they shall also add the official's stamp with the date being indicated. Then the goods is allowed to be transported.

The commodity tax office handling the collection of supplementary taxes or the tax officials stationed in the mine, factory or depot shall every month make it a special duty of forwarding the original Receipts or Permits stamped "Cancelled", together with the counterfoils of Taxation Receipts issued, on to the Bureau of Taxation for examination and checking up.

Article 7.

Mineral products imported from abroad shall be exempt from the mineral product tax upon presentation of inspection of the document certifying the payment of import duty to the Customs House. If after import, the goods are to be retransported or reexported in separate lots within this country, the merchants shall submit their Certificate of Import Duty to the local commodity tax office, applying for its exchange against Permit/s for Break of Bulk of Mineral Products according to the procedure provided in Article 10 of these Rules.

The above-mentioned Certificate of Import Duty issued by the Customs House shall be governed, mutatis mutandis, by the provisions of Articles 5, 10 and 13 concerning Taxation Receipts.

Article 8.

Where already taxed mineral products are to be sold locally, this shall be mentioned to the (tax) office or tax officials who shall add the words "To be sold Locally" on the Taxation Receipt. Where (the goods) are intended to be transported and sold in other places, mention of these places shall also be made (to the tax office or tax officials) so that they may be indicated on the receipt.

Article 9.

Within the effective period of the Taxation Receipt, application may be made for changing the destination of already taxed mineral products or for breaking the bulk, while after the expiry of that period they can only be sold locally. But if (delay) has actually been caused by special transport or business conditions, the merchant may make a statement of his grounds to the competent commodity tax office which shall, after checking up, grant a certain postponement of the time limit and at the same time report the case to the Bureau of Taxation for pur poses of reference.

Article 10.

When application is made for changing the destination or breaking the bulk of already taxed mineral products, a request shall be submitted to the competent commodity tax office in charge, or issuing Permit/s for Break of Bulk, setting forth the actual quantity of goods still remaining in stock, the serial number of the Taxation Receipt or Permit for Break of Bulk and that of the stamped permit - exception being made for the latter if no stamped permit is required. The said office, after sending officials to investigate and check up that the receipt or permit corresponds to the goods,

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shall issue a (new) Permit for Break of Bulk according to the quantity actually remaining in stock. If a part of the remaining stock of goods cannot be transported to other places together with the rest, mention thereof shall be made to the office which issues Permits for Break of Bulk, requesting it to add an annotation to the Permit for Break of Bulk, indicating that this part of the goods is to be sold locally.

Article 11. Permits for Break of Bulk shall be issued by the bureau commodity tax bureau under the Commodity Tax Bureau of the respective region or by the bureau directly under its jurisdiction. Other tax collecting offices of various localities shall not issue any Permit for Break of Bulk unless approval has been granted by the Bureau of Taxation.

Article 12. The officials who issue Taxation Receipts, shall indicate in the receipts the exact beginning and ending dates of their effective period.

Article 13. The effective period of a Taxation Receipt shall be one year, beginning to count from the date of the issue of the receipt. The effective period of the Taxation Receipt shall also be indicated in any newly issued Permit for Break of Bulk, whose effective period shall expire on the same date as that for the Taxation Receipt.

Article 14. Where merchants state the destinations to which (the) goods are to be transported, the officials who issue Taxation Receipts in conformity with item 1 of the first paragraph of Article 5 or who issue Permits for Break of Bulk in exchange against Taxation Receipts, shall, after considering the actual requirements, indicate the period of transportation in the Receipt or Permit. If for legitimate reasons, (the goods) have not reached their destination on the expiry of the period, the merchant shall make a statement to the competent commodity tax office of the place where the goods are located, which shall, after inspection, grant a certain prolongation of the time limit and also report the case to its superior competent office for purposes of reference.

Article 15. Merchants shall carefully keep in safety their Taxation Receipts, Permits for Break of Bulk as well as the stamped labels affixed on the surface wrapping of the packages of their goods. If any Taxation Receipt or Permit for Break of Bulk has been lost or the stamped permit affixed on any goods has completely broken off without leaving any trace, then only after a new tax receipt is made according to the rules, are the goods allowed to be transported and sold. If it is discovered that (any goods) are surreptitiously transported without the (necessary) receipt or permit, then punishments shall be imposed as provided in the internal product tax regulations.

Article 16. Merchants shall, when selling already taxed mineral products, stilling and issue formal invoices.

Article 17. Factories, mines and merchants shall, before the goods before exploiting (mines) or processing and refining (minerals) are transported, submit a statement to the competent commodity tax office. MONTHLY ECONOMIC REVIEW - October 1948 - Annex XXXIX

and in accordance with the provisions of the second paragraph of Article 3 of the Mineral Product Tax Regulations, fill in Registration Forms for Factories, Mines and Merchants in the manner prescribed, and submit them to the competent commodity tax office or the tax officials stationed in the mine, factory or depot, for transmission to the Bureau of Taxation which shall, after checking up, transact the registration.

Article 18.

If there is any change in their responsible manager or in the items of registration, the factories, mines or merchants who have been registered according to the preceding Article, shall submit a report to the competent commodity tax office or the tax officials stationed in the mine, factory or depot, for transmission to the Bureau of Taxation, applying for the registration to be altered or cancelled. In the case of cessation or resumption of work, report thereof shall be made for purposes of reference according to the same procedure mentioned above.

Article 19.

When mineral products are transported or re-transported or arrive at their pre-fixed destination, application shall be made for inspection thereof. Provided that the original Receipt or Permit corresponds to the goods, the inspectors shall affix stamp of inspection thereon and let the goods go. They shall not hold them up for extortion or exaction of fees. If it has been discovered that the Receipt or Permit does not correspond to the goods or the goods are smuggled by any other means, the persons concerned and the goods (transported) in contravention of the regulations shall immediately be sent to the competent commodity tax office which shall, after examination, forward the case to the court for judgment.

Article 20.

Where the production, processing, transport or sales of certain mineral products are under special circumstances, the Ministry of Finance may lay down separate supplementary methods and order their enforcement.

Article 21.

The forms of the various receipts, permits and other documents as mentioned in these rules shall be determined by the Bureau of Taxation.

Article 22.

These rules shall be come into force on the date of promulgation.

(End)

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